

## Rating Rationale

### Brickwork Ratings assigns 'BWR D' for Long Term Facilities of ₹ 158.98 Cr to Alpha Nippon Innovatives Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for the Bank Loan Facilities proposed to Alpha Nippon Innovatives Ltd.

Facilities	Amount Sanctioned (₹ Cr)	Tenure	Rating
Fund Based Cash Credit Term Loan FITL WCTL	30.00 92.58 9.90 26.50	Long Term	<b>BWR D</b> (Pronounced BWR D)
Total	158.98	(INR One Hundred Fifty Eight Crores and Ninety Eight Lakhs only)	

BWR has principally relied upon the audited financial statements from FY11 to FY14, projected FY15, publicly available information and information / clarifications provided by the management.

The rating has factored, inter alia, experienced promoter, Growth in top line and product diversification. However the rating is constrained delay in serving debt obligation on time, weak financial profile marked by high gearing, weak debt protection matrices & low capacity utilization, high interest cost, stressed liquidity position, working capital intensive nature of business and high degree of competition from various domestic and other countries players in the market.

#### Background:

Alpha Nippon Innovatives Limited is private limited company. The company is originally incorporated in 2006 by Mr. Anil Patel in the name of Tim Engineering Technologies Ltd. The name of company has changed in Feb 14 as Alpha Nippon Innovative Limited.

The company is into the business of manufacturing of Engineering & Construction in Steel. The company deals in Pre Engineering Building, Fabrication and engineering products like Hydraulic Scissor Lifts & Tables, Automatic Vertical Storage System, Warehouse Racking System as well as Stacker Car Parking Lifts. The company registered office and manufacturing facility is located at Bhamasara, Ahmedabad

Bhamasara Unit has manufacturing facility of 72,000 MTA of Pre-Engineering Steel Structured buildings (PES & PEB), specialized Metal fabrications and Engineering Products.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Management Profile:

The key management of the company is Mr. Anil Patel, Mr. Swapnil Patel and Mr. Paresh Bhatt

Mr Anil Patil, Director is a Graduate and having the experience of more than three decades in the same industry. He is looking after production and R&D and day to day affair of the company.

Mr.Swapnil Patel, Director is Engineering and having a vast experience in the line of business. He is looking after production, technical aspect of company and product automation of company.

Mr. Paresh Bhatt, Director is a Graduate and having a vast experience in the line of business. He look after the day to day affairs and marketing of company.

### Financial Performance:

The Company's operating income has witnessed a growth of 40.02% from Rs. 46.90 Cr for FY13 to Rs.78.26 Cr for FY14, mainly due to improved performance. However, the operating profits margin has decreased from 37.12 per cent in FY13 to 24.05 per cent in FY14 due to increased raw material costs. The net loss have seen increased from 1.75 Cr in FY13 to 10.50 Cr in FY14 due to increase interest cost. The net worth of the Company has seen an dropped from Rs. 43.95 Cr in FY13 to Rs.34.59 Cr in FY14, due to loss. The gearing ratio was at 4.63 times for FY14 compared to 3.59 times in FY13 on account of increase in debt and drop in net worth.

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