

Rating Rationale

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 5.97 Cr of Altech Fabricators (AF)

Brickwork Ratings (BWR) has assigned the following **Rating**¹ for the Bank Loan Facilities of ₹5.97 Cr of Altech Fabricators (**AF or 'the firm'**):

Facility	Amount (₹ Cr)	Tenure	Rating
<u>Fund Based</u>			
Cash Credit	4.00	Long Term	BWR B (Pronounced BWR Single B) Outlook:Stable
SME Credit Plus	0.25		
Term Loan(Existing)	1.16		
Term Loan (Existing)	0.16		
<u>Non-Fund Based</u>			
Bank Guarantee	0.20	Short Term	BWR A4 (Pronounced BWR A Four)
Letter of Credit	0.20		
Total	5.97	INR Five Crores Ninety Seven Lakhs only	

BWR has principally relied upon the audited financial results up to FY14, provisional financials of FY15 and publicly available information and information/clarification provided by the firm.

The ratings reflect the extensive industry experience of the partners in the metal fabrication industry and long track record of operation, established and long association with clientele. The ratings are, however, constrained by AF's small scale of operations and presence in a highly fragmented industry, Low net worth and high gearing levels, limited pricing capabilities, stretched liquidity position and susceptibility in profit margins.

Background:

Altech Fabricators is a partnership firm was established on October 1976 at Trichy, Tamil Nadu. The firm is engaged in manufacturing components for the thermal power industry like ducting, boiler supporting columns, dampers, wind boxes, guillotine gates, coal storage bunkers, hoppers, diverters, panels etc., and various structured towers for wind mill of various capacities

¹ Please refer to www.brickworkratings.com for definition of the Ratings

and also for the Hydro Power industry like Inlet casing, Guide Vanes, Stay Ring, Regulator Ring, Stay Vanes, Inner & Outer Top covers etc.,

AF is Sub-contractor to M/s. BHEL, Trichy and it is an ISO certified firm. The manufacturing capacity of the unit is 1200 tons per day.

The firm has well equipped workshop facilities having capable and experienced engineers, technicians, skilled, and semi-skilled work force to undertake wide range of services in the field of fabrication, and supply of equipments to various process Industries

Management

Altech Fabricators is a partnership firm and promoted by Mr.Kumaran Goundar and K.Ramesh. It is Family run business.

Mr. Kumara Gounder has 3 decade of experience in the metal fabrication industry and is heading finance division of the firm. Mr. Ramesh S/O of Mr. Kumara Gounder has two decades of experience and looks after production and marketing department of the firm.

Financial Performance

AF reported a Net Loss (NL) of ₹ (0.74) Cr. on Net Sales of ₹8.83 Cr. for FY 14 as against Net Loss (NL) of ₹(0.71) Cr. on Net Sales of ₹3.16 Cr. for FY13. Sales achieved by the firm from April'14 to Feb'15 is ₹9.91Cr. Approx. Tangible net worth stood as on March 31, 2014 was ₹1.61 Cr. Debt to Equity ratio declined to 4.80 times in FY 14 from 3.49 times in FY13. Current ratio has stood at 0.65 times in FY14 and 0.67 times in FY13.

Rating Outlook

Currently, the outlook remains stable. Going ahead, the ability of the company to grow its scale of operations with profitability, Improve its liquidity profile, strengthen its capital structure, improve its financial risk profile and manage its working capital efficiently would be the key rating sensitivities.

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