



Rating Rationale

Ambica Aluminium

2 Aug 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹ 6.79 Crores of Ambica Aluminium.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2017)	Present
Fund based	7.25	6.79	Long Term	BWR B (Pronounced as BWR Single B) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable Upgraded
Total	7.25	6.79	INR Six Crore and Seventy Nine Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of FY17, CA certified provisionals of FY18, projections of FY19 & FY20, publicly available information and information/clarifications as shared by the firm's management.

The rating has factored in the stabilization of operations in 2nd year of firm's commercial production and achieving the projected revenue during FY18, satisfactory debt and interest coverage ratios, and experience of the key promoter in other businesses. The rating, however, is constrained by high gearing, low net profit margin, low net worth apart from fluctuations in raw material prices and competition from other companies in the industry.

The ability of the firm to achieve its profit margins while improving its scale of operations and manage its inventory level for an efficient working capital cycle will be the key rating sensitivities.

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Description of Key Rating Drivers

- **Credit Strengths:**

- Net sales increased to ₹ 30.19 Cr in FY18 against net sales of ₹ 14.42 Cr in FY17, interest coverage indicator is at 1.51x in FY18 and debt service indicator is 1.10x in FY18, key promoter of the firm has more than three decades of business experience in roofing tile manufacturing

- **Credit Risks:**

- Gearing is at 3.42x in FY18, Net profit margin is at 0.13% in FY18, net worth is at ₹ 3.61 Crs in FY18

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Ambica Aluminium** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

Ambica Aluminium, a partnership firm, was established in October, 2014. The partners of the firm are Mr. Mahendra Tank, Mrs. Hansa Tank and Mr. Shashank Tank. Its registered office is located in Kolkata, West Bengal. The firm is engaged in manufacturing of aluminium extruded products. Manufacturing unit of the firm is located at Balaghat, Madhya Pradesh with an installed capacity of 2400 Metric Ton per Annum. It commenced its commercial production in July, 2016 and FY18 was the 2nd year of its business operations.

The promoters' other group concerns are engaged in roof tiles manufacturing since 1985. Partners are well experienced and have a successful track record in running its ventures. Mr. Mahendra Tank has a business experience of three decades while Mrs. Hansa Tank, wife of Mr. Mahendra Tank, has around a decade of experience in business.

Financial Performance of the Firm

As per audited financials FY17, firm has achieved net sales of ₹ 14.42 Cr with an operating profit of ₹ 1.40 Cr and net profit of ₹ 0.01 Cr. As per FY18 provisional shared by the management, firm has achieved net sales of ₹ 30.19 Cr with an operating profit of ₹ 1.87 Cr and net profit of ₹ 0.04 Cr.

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Rating History for the last three years

Facility	Current Rating (2018)			Rating History		
	Type	Amount (₹ Crs)	Rating	16. 3.2017	7.1.2016	2015
Fund Based	Long Term	6.79	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR B Pronounced as BWR Single B Outlook: Stable	BWR B Pronounced as BWR Single B Outlook: Stable	Not Rated
Total		6.79	₹ Six Crore and Seventy Nine Lakhs Only			

Status of non-cooperation with previous CRA (if applicable) - None

Any other information: None

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Provisional	Audited
Operating Revenue	₹ Crores	30.19	14.42
EBITDA	₹ Crores	1.87	1.40
PAT	₹ Crores	0.04	0.01
Tangible Net worth	₹ Crores	3.61	2.93
Total Debt/Tangible Net worth	Times	2.19	2.56
Current Ratio	Times	1.46	1.24

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.



Annexure - I

₹ Crores

Name of the Bank	Facilities	Tenure	Amount (March, 2017)	Amount
Central Bank of India	Term Loan	Long Term	3.25	2.79
	Working Capital		4.00	4.00
Total			7.25	6.79

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