

## Rating Rationale

Ambica Aluminium

16<sup>th</sup> March 2017

### Brickwork Ratings reaffirms the rating for the Bank Loan Facilities of Ambica Aluminium

#### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous (Jan' 2016)	Present (Mar' 2017)		Previous (Jan' 2016)	Present (Mar' 2017)
Fund Based			Long Term	BWR B Outlook: Stable	BWR B Outlook: Stable (Reaffirmed)
Term Loan	3.56	3.25			
Working Capital	4.00	4.00			
<b>Total</b>	7.56	<b>Rs. 7.25 Crores (Rupees Seven Crore and Twenty Five Lakhs Only)</b>			

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

Note: The aforesaid facilities are availed from Central Bank of India, Balaghat (Madhya Pradesh).

#### Rating Reaffirmed

Brickwork Rating (BWR) has reaffirmed the long term rating for the bank loan facilities amounting to ₹ 7.25 Cr of Ambica Aluminium.

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the projections from FY17 to FY20 of Ambica Aluminium, publicly available information and information/clarifications provided by the firm's management.

The rating reflects the partners' experience along with support from group associates engaged in roofing tiles manufacturing and current operational status of the firm's plant, which is running at 100% of installed capacity. The rating, however, is constrained by delay in commencement of commercial operation and streamline of production process resulting in decline of estimated revenue, apart from its presence in competitive industry and susceptibility of its margin to fluctuations in raw material prices.

Going forward, the ability of the firm to achieve its projected revenue, maintain its capacity utilization through out and generate adequate cash accrual will be the key rating sensitivities.

#### 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. The promoters' other group concerns are engaged in roof tiles manufacturing since 1985.

The 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.

### Current Status

The firm had scheduled to commence its commercial operation by April, 2016, however, got postponed by three months due to delay in arrangement of power from Madhya Pradesh Electric Board. It commenced its commercial operation in July, 2016 and streamlined the production process by December, 2016. Currently, firm is operating at 100% of its installed capacity and manufacturing 8 Metric Tons of Aluminium Section as planned.

Firm has achieved a PAT of Rs. 0.03 Cr on a revenue of Rs. 11.66 Cr as on 28<sup>th</sup> February, 2017.

### Rating History for the last three years:

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Term Loan	Long Term	3.25	BWR B	BWR B	NIL	NIL
2	Working Capital		4.00				

Hyperlink/Reference	to	Applicable	Criteria
<ul style="list-style-type: none"> <li><a href="#">General Criteria</a></li> <li><a href="#">Approach to Financial Ratios</a></li> </ul>		<ul style="list-style-type: none"> <li><a href="#">Manufacturing Companies</a></li> </ul>	



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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

**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.