

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 28 Cr of Anvil Cables Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the long-term Bank Loan Facilities of ₹ 21 Cr and for the short-term Bank Loan Facilities of ₹ 7 Cr for Anvil Cables Pvt. Ltd. (*'ACPL' or 'the Company'*).

Facilities	Amount (₹ Cr)	Proposed Amount (₹ Cr)	Fund/Non Fund Based	Tenure	Rating
Cash Credit (CC)	<b>19.00</b>	-	Fund Based	<b>Long Term</b>	<b>BWR BB-</b> (BWR Double B Minus)  <b>Outlook: Stable</b>
Export Packing Credit (Within CC limit)	<b>(14.00)</b>	-			
Foreign Bills Discounting (Within CC limit)	<b>(9.00)</b>	-			
Standby Line of Credit (SLC)	<b>2.00</b>	-			
Letter of Credit	<b>1.00</b>	-	Non Fund Based	<b>Short Term</b>	<b>BWR A4</b> (BWR A Four)
IBG/FBG	<b>6.00</b>	-			
<b>Total</b>	<b>28.00</b>	-	<b>(INR Twenty Eight Crores only)</b>		

BWR has principally relied upon the financial results up to FY13 and projected financials of FY14 of ACPL, publicly available information and information/clarification provided by the Company Management.

The rating has factored, inter alia, the promoters' vast experience in this line of business, the well-established clientele base, strong management team and ability of the Company to increase its scale of operations along with efficient management of working capital. The rating is constrained by thin profit margins, low debt servicing metrics, high debt collection period, intense competition and volatility associated with raw material prices.

### Company Background

Anvil Cables Pvt Ltd (ACPL), promoted by Mr. Sunil Dalmia, in 2006 with the commissioning of its Wire Drawing Units to produce aluminium wires. The Company has gradually increased its production capacity from 1,000 MT to 10,000 MT. ACPL has its headquarters in Kolkata and manufacturing facility in Jamshedpur.

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

Presently, ACPL manufactures aluminium conductors, wires, galvanized steel wire strands, aerial bundled cable, aluminium alloy reinforced, aluminium steel reinforced conductor, aluminium alloy conductors, stranded copper conductors.

### Management Profile

The Company was promoted by Mr. Sunil Dalmia, having 30 years of experience in cables and conductors business, and he is the CEO of the Company. He is being supported by Mr. Tushar Dalmia and Mrs. Renu Dalmia who are also having adequate experience in the sector. The management is assisted by a team of professionals.

### Financial Performance

ACL's sales had shown a dip in the year 2010 and 2011 but started improving after 2012. Gross sales of the Company have increased from Rs.120.87 Cr in FY12 to Rs.127.17 Cr in FY 13. Export sales account for Rs.94 Cr in FY12 and Rs.106.14 Cr in FY13. Though there is increase in sales, the profit has not increased correspondingly due to increase in interest and finance charges. The profit after tax has increased from Rs.2.53 Cr in FY12 to Rs.2.68 Cr in FY13. Tangible net worth has improved from Rs.20.17 Cr to Rs.31.07 Cr due to plough back of profits and infusion of equity along with share premium into the system in FY13. The Company has achieved sales of Rs.64 Cr up to 30.9.13 which is in line with the projections for FY14.

### Rating Outlook

Going forward, the ability of ACPL to improve turnover and profitability, manage the working capital cycle effectively and thereby improve critical financial ratios will be the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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