

Rating Rationale

Brickwork Ratings assigns 'BWR BB' & 'BWR A4+' rating for the Bank Loan Facilities of ₹16.50 Cr of Apex Aluminium Extrusion Private Limited.

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan facilities of ₹ 16.50 Cr of Apex Aluminium Extrusion Private Limited (AAEPL).

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit (Fund Based)	6.50	Long Term	BWR BB (Pronounced BWR Double B) (Outlook: Stable)
EPC/ FBD (Fund Based)	1.00	Short Term	BWR A4+ (Pronounced BWR A Four Plus)
Buyer's Credit (Non-Fund Based)	9.00		
Total	16.50	(INR Sixteen Crores and Fifty Lakhs only)	

BWR has principally relied upon the audited financial results from FY12 to FY14, and projections upto FY16, publicly available information and information/clarifications provided by the management.

The ratings reflect the promoters' long standing experience in the aluminium business, increase in revenue in FY14, comfortable ISCR (Interest Service Coverage Ratio) in FY14 and business support from the group companies, which are in the same line of operations. The ratings have also factored in the expected increase in revenue for FY15.

However, the ratings are constrained by the modest scale of operations in the intensely competitive aluminium extrusion manufacturing business, leveraged capital structure with gearing of 3.91 times (which includes loans from promoters) in FY14, working capital intensive nature of operations and susceptibility of its margin to fluctuations in raw material prices and foreign exchange rates.

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

Background

AAEPL, promoted by the Agarwal Group, was incorporated in 2007 and started its commercial production in November 2010. The company is engaged in manufacturing of aluminium extrusion products which find its applications in various fields like electrical, construction, fabrication, solar systems amongst others.

The Agarwal Group has been present in the aluminium industry for more than 3 decades through its group concerns, which include Rajasthan Aluminium House Private Limited (incorporated in 1970) and Shanti Metals Private Limited (engaged in trading & manufacturing of aluminium products), Agarwal Metals (engaged in the manufacturing of curtain fittings), Agarwal Aluminium (engaged in manufacturing of aluminium metal mesh and grills) and Balex Private Limited. The company sells its products under the brand name of 'ALU Gold' and ~50 percent of these are sold to its group concerns. Most of the raw material, ~65-70 percent, is imported from the UAE.

Management Profile:

AAEPL is a family managed business. Mr. Chandra Prakash Agarwal and his son, Mr. Chinmay Agarwal oversees the overall operations of the company.

Financial Performance:

AAEPL reported total revenue from operations of ₹ 56.13 Cr in FY14 as against ₹ 43.24 Crores in FY13. Operating profit margin and Net profit margin of the company were at 9.24% and 2.54% respectively in FY14. Tangible Networth stood at ₹ 8.84 Crores as on March 31, 2014.

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, the company's ability to increase the scale of operations with sustained profitability, strengthen capital structure and manage working capital efficiently would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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.