



Rating Rationale

Inflame Appliances Limited

23Apr2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 5.60 Crores of Inflame Appliances Limited.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based OCC/ODBD	2.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Non Fund Based Bank Guarantee ILC/FLC	0.60 3.00	Short Term	BWR A4 (Pronounced as BWR Single A Four)
Total	Rs 5.60 Crores (INR Five Crores Sixty Lakhs Rupees Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Assigned:

BWR has assigned Long Term Rating of BWR BB (*Outlook: Stable*) for the bank loan facilities and Short Term Rating of BWR A4 for Inflame Appliances Limited . (‘the Company’)

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Company’s audited financial results upto FY18, and Unaudited Numbers upto 30/09/18, publicly available information and information/clarifications provided by the Company’s management.

The rating draws strength from the Extensive experience of the Promoters, Low Gearing level, and Sound Debt Service Indicators. However, the rating is constrained by Small Scale of Operations, and High days receivables and payables. Going forward, the ability of the Company to Maintain its gearing level, Profitability Margins, Debt Service Indicators and Improve its scale of Operations by improving their growth in revenues, and manage its working capital cycle would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- 1. Extensive Experience of the Promoters :** The promoters of the Company has rich experience of more than 15 years in the same line of business. Initially the company is a Partnership Company with the name of Techno Engineering Corporation. It is converted to a public limited company in November 2017. The Promoters extensive experience helps them to maintain a better relationship with their customers and suppliers.
- 2. Low Gearing Level :** The company has low gearing level with TOL/TNW of 0.95 Times and TD/TNW of 0.06 times coupled with moderate net worth and Low borrowings in FY18.
- 3. Sound Debt Service Indicators :** The company has Sound Debt Service Indicators with Interest Service Coverage Ratio of 11.18 Times and Debt Service Coverage Ratio of 7.41 Times in FY18.

Credit Weakness:

- 1. Small Scale of Operations :** The company has small scale of Operations with revenues of Rs 32.12 crores in FY18. The company has achieved revenues of Rs 55.00 crores till 31/03/2019 as informed by the management.
- 2. High Days Receivables and Days Payables :** The company has High days receivables of 57 days coupled with high days payable of 82 days 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).

Support from Holding/Subsidiary Company:

The Company has associate concerns with the name of Super Packaging but there is no operational linkages between them.

Liquidity

The Company has liquid investments of Bank FDRs of Rs 1.65 crores and Cash & Bank Balances of Rs 1.39 crores. Current ratio was at 1.68 times in FY18 . Average working capital utilization for the six months period (October 2018 to March 2019) is 75% .The conversion cycle has been 2 days in FY18. The



Company has nil long term debt. The Company ISCR at 11.18 times and Debt Service Coverage Ratio of 7.41 Times as on March 31 2018.

Rating Outlook: *Stable*

BWR believes the **Inflame Appliances Limited** 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 Company

Inflame Appliances Limited was originally formed as a partnership Company in the name and style of M/s Techno Engineering Corporation. On October 16,2017 the partnership Company was thereafter converted into a public limited company. The company is engaged in manufacturing of LPG Gas stoves and Sheet Metal components. The company manufacturing facilities situated at Panchkula. The company is currently managed by Mr Aditya Kaushik and Mr Dinesh Kaushik.

Company Financial Performance

Total operating income (TOI) of the Company has improved from Rs 18.06 Cr in FY17 to Rs 32.12 Cr. in FY18. The company has achieved revenues of Rs 55.00 crores till 31/03/19 (C.A Certified). PAT has Improved from Rs 0.43 Cr in FY17 to Rs. 1.24 Cr in FY18.

Key Financial Indicators

Key Parameters	Units	FY18 (A)	FY17 (A)
Result Type			
Operating Revenue	₹ Cr	32.12	18.06
EBITDA	₹ Cr	1.80	0.81
PAT	₹ Cr	1.24	0.43
Tangible Net worth	₹ Cr	9.41	0.75
TOL:TNW	Times	0.95	6.57
Current Ratio	Times	1.68	1.13

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based OCC/OBBD	Long Term	2.00	BWR BB (Pronounced as BWR Double B) Outlook: Stable	NA	NA	NA
2.	Non Fund Based Bank Guarantee ILC/FLC	Short Term	0.60 3.00	BWR A4 (Pronounced as BWR Single A Four)	NA	NA	NA
	Total		5.60	Five Crores Sixty Lakhs ₹ Only			

Status of non-cooperation with previous CRA (if applicable)- NA

Any other information : Nil

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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.

DISCLAIMER

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