



Rating Rationale

Maan Aluminium Ltd.

16 Apr 2021

Brickwork Ratings reaffirms the Rating at BWR BBB/A3+ (Stable) for the Bank Facilities of Rs.74.55 Crs of Maan Aluminium Ltd. ('MAL' or 'the Company')

Particulars

| Facility | Amount (Rs. Crs) | | Tenure | Rating * | |
|-----------------------|------------------|--------------|--|---------------------|----------------------------------|
| | Previous | Present # | | Previous (Mar 2020) | Present (Apr 2021) |
| Fund based | 20.00 | 20.00 | Long Term | BWR BBB/Stable | BWR BBB/Stable Reaffirmed |
| Fund Based | 40.00 | 40.00 | Short Term | BWR A3+ | BWR A3+ Reaffirmed |
| Non-Fund Based | 14.55 | 14.55 | Short Term | | |
| Total | 74.55 | 74.55 | INR Seventy Four Crores and Fifty Five Lakhs Only | | |

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

Annexure I shows the detailed facilities

RATING ACTION/OUTLOOK: Reaffirmed/Stable

Brickwork Ratings (BWR) reaffirms the ratings at BWR BBB/A3+ (Stable). The rating continues to draw strength from the promoters' experience, established business relationships with customers and healthy credit risk profile. These strengths are offset by supplier concentration risk, exposure to volatility in raw material prices and intense competition in the industry.

KEY RATING DRIVERS

Credit strengths:

- **Experienced promoters and established relationships with customers**

The promoter of MAL, Mr. Ravinder Nath Jain has more than three decades experience in trading of aluminium ingots, billets and other aluminium products. MAL is engaged in trading and manufacturing of aluminium products for more than 17 years and over a period of time, the Company has established strong business relationships with its customers which enables MAL to receive repeat orders.

- **Healthy credit risk profile**

In 9MFY21 period, TOI of MAL decreased to Rs.239.61 Crs as against Rs.425.78 Crs in 9MFY20 period due to decrease in trading activities as the Company focussed on increasing its profit margin from manufacturing segment. Owing to this, despite decrease in revenue, operating profit of the Company for the 9MFY21 period increased to Rs.15.97 Crs as



against Rs.12.46 Crs in FY20. The operating profit margins improved to 6.67% for the period as compared to 2.38% for FY20. As a result, ISCR for the 9MFY21 period improved to 5.89x as against 2.69x for FY20. Further, the operating cycle of the Company remained comfortable at 43 days as on March 31, 2020, due to the Company's limited dependence on working capital borrowings and due to lockdown towards the end of FY20, the Company's working capital utilisation was low as on March 31, 2020. Hence, its total gearing stood at 0.59x as on March 31, 2020 as against 1.22x as on March 31, 2019. The same is expected to be comfortable around 1.10x as on March 31, 2021.

Credit Weaknesses

- **Exposure to the volatility in raw material prices and intense competition in the market**
MAL requires aluminium ingots/billets as a raw material and their prices are highly volatile which exposes the profit margins of the Company. Further, the industry comprises a large number of small and unorganised players which also exerts pressure on the profit margins of MAL.
- **Supplier Concentration risk**
In FY20, top 2 suppliers contributed to nearly 78% of the MAL's raw material procurement for the year. The same stood at ~84% during the 9MFY21 period. However, these suppliers are large reputed companies with an established track record of supplying to MAL which mitigates the risk of supply disruption.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has essentially relied upon the audited financials of the Company upto FY20, Unaudited results upto 9MFY21, Projections upto FY22 and publicly available information and information/clarifications provided by the management.

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 SENSITIVITIES

Going forward the ability for the Company to achieve its envisaged projections and efficiently manage its working capital would be the key rating sensitivities.

Positive: If the Company manages to increase its scale of operations and achieve projected financial performance, it would be positive for the ratings.

Negative: If the Company fails to achieve its projected revenue levels and/or there is material deterioration in the financial performance of MAL, it could be negative for the ratings.

LIQUIDITY POSITION: Adequate

The liquidity position of the Company is adequate as its current ratio as on March 31, 2020 stood at 1.71x and its average working capital utilisation for the last 4 months was around 65% only. Further, the Company had cash & bank balance of Rs.4.29 Crs as on March 31, 2021.



Company Background

MAL is a public limited Company incorporated in 2003 and listed in 2007. The Company is engaged in manufacturing and trading of aluminium ingots, billets and extruded products. MAL is managed by its promoter viz. Mr. Ravinder Nath Jain who has more than three decades of experience in similar line of business. The Company has 9000 MTPA capacity manufacturing plant at Pithampur, Madhya Pradesh.

KEY FINANCIAL INDICATORS

| | | 31.3.2020 Audited | 31.3.2019 Audited |
|-------------------------------|----------|----------------------|----------------------|
| Total Operating Income | (Rs. Cr) | 524.19 | 651.99 |
| EBITDA | (Rs. Cr) | 12.46 | 18.04 |
| PAT | (Rs. Cr) | 7.55 | 9.17 |
| Tangible Networth | (Rs. Cr) | 49.96 | 43.24 |
| Total Debt:TNW | (Times) | 0.59 | 1.22 |
| Current ratio | (Times) | 1.71 | 1.29 |

KEY COVENANTS OF INSTRUMENTS/FACILITIES TO BE RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY: NA

Rating History for the last three years: (Including withdrawal and Suspended)

| Sl. No. | Facility | Current Rating (Apr 2021) | | | Rating History | | |
|---------|----------------|---------------------------|---------------------|--|---------------------------------|-------------------------------|--------------------------------|
| | | Type | Amount (Rs. Crs) | Rating | Mar 2020 | June 2019 | May 2018 |
| 1 | Fund based | Long Term | 20.00 | BWR BBB/Stable Reaffirmed | BWR BBB/Stable Reaffirmed | BWR BBB/Stable Upgraded | BWR BBB-/Stable Upgraded |
| 2 | Fund Based | Short Term | 40.00 | BWR A3+ Reaffirmed | BWR A3+ Reaffirmed | BWR A3+ Upgraded | BWR A3 Upgraded |
| 2 | Non-Fund Based | Short Term | 14.55 | | | | |
| | | | 74.55 | INR Seventy Four Crores and Fifty Five Lakhs Only | | | |



COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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

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Annexure I

Details of Rated Bank Facilities

| Name of Facility | Nature of the Facility | Rated Amount (Rs. Crs) |
|---------------------------|----------------------------|------------------------|
| Cash Credit | Fund Based- Long Term | 20.00 |
| Purchase Bill Discounting | Fund Based-Short Term | 40.00 |
| PC/PCFC/FBD | | (20.00)* |
| PC/PCFC/FBD | | (10.00)# |
| LC/BG | Non Fund Based- Short Term | 14.00 |
| LC/BG | | (10.00)# |
| Total | | 74.55 |

*Sub-limit of Cash Credit

sub-limit of Purchase Bill Discounting

Total Rupees Seventy Four Crores and Fifty Five Lakhs Only



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