



Rating Rationale

20 Mar 2020

Maan Aluminium Ltd.

Brickwork Ratings reaffirms the Rating for 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 (June 2019)	Present (Mar 2020)
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			
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

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

20Mar2020



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 in trading and manufacturing of aluminium products for more than 15 years and over a period of time, the Company has established strong business relationships with its customers which enable them to receive repeat orders.

- **Healthy credit risk profile**

In the 9MFY19 period, MAL has achieved a TOI of Rs.425.68 Crs and PAT of Rs.6.72 Crs as against Rs.450.96 Crs and PAT of Rs.7.04 Crs in 9MFY18. The revenue has decreased marginally due to decline in aluminium prices in global markets. As on March 31, 2019, due to accretion of profits to the business, Tangible Networth of the Company has increased to Rs.43.52 Crs as from Rs.35.22 Crs as on March 31, 2018. The same has further increased to Rs.49.68 as on December 2019. Owing to increased TNW coupled with lower working capital utilisation Total Gearing of the Company has improved to 0.82x as on December 31,2019. The operating profit margin for the 9MFY20 period has improved to 3.96% as against 2.76% in FY19, as the revenue contribution from manufacturing activities has relatively increased. Further, the interest expense for the period is relatively lower due to lower working capital borrowings. As a result, ISCR for the 9MFY20 period has improved to 4.52x as against 2.81x in FY19.

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 in the event of adverse changes in its prices. Further, the industry comprises a large number of small and unorganised players which also exerts pressure on the profit margins of MAL.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has essentially relied upon the audited financials of the Company upto FY19, 9MFY20 unaudited results, 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 of the Company to improve its scale of operation and profitability would be the key rating sensitivities.

Positive: Improvement in revenue along with profit margins would be positive for the rating.

Negative: Decrease in revenue/profitability and deterioration in debt coverage indicators would be negative



for the rating.

LIQUIDITY POSITION: Adequate

The liquidity position of the Company is adequate, as its current ratio as on December 31, 2019 is comfortable at 1.48x and has a cash balance of Rs.2.94 Crs. MAL’s working capital utilisation is around 70%.

COMPANY PROFILE

Maan Aluminium Limited (MAL) is a public limited Company incorporated in 2003 and listed in 2006. 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

	31.3.2019 Audited	31.3.2018 Audited
Total Operating Income (Rs. Cr)	651.99	447.08
EBITDA (Rs. Cr)	18.01	12.77
PAT (Rs. Cr)	9.22	6.42
Tangible Networth (Rs. Cr)	43.52	35.22
Total Debt:TNW (Times)	1.21	1.13
Current Ratio (Times)	1.29	1.25

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:

Sl. No.	Facility	Current Rating (March 2020)			Rating History		
		Type	Amount (Rs. Crs)	Rating	June 2019	May 2018	2017
1	Fund based Open Cash Credit	Long Term	20.00	BWR BBB/Stable Reaffirmed	BWR BBB/Stable Upgraded	BWR BBB-/Stable Assigned	Not Rated
2	Fund Based Vendor Bill Discounting EPC/PCFC	Short Term	40.00 (5.00)*	BWR A3+ Reaffirmed	BWR A3+ Upgraded	BWR A3 Assigned	
3	Non-Fund Based ILC/FLC/BG	Short Term	14.55				
			74.55	INR Seventy Four Crores and Fifty Five Lakhs Only			

*Sub-limit of Open Cash Credit

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](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

<http://www.brickworkratings.com/download/Criteria-FinancialRatios.pdf>



Analytical Contacts	Investor and Media Relations
<p>Prashant Mondkar Analyst - Ratings Board:+91 22 2831 1426 Ext:649 prashant.sm@brickworkratings.com</p> <p>Noman Agashiwala [Associate Director – Ratings] Board:+91 22 2831 1426 ravindra.k@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>

Annexure I
Details of Rated Bank Facilities

Bank	Name of Facility	Nature of Facility	Rated Amount (Rs.in Cr.)
Andhra Bank	Open Cash Credit	Fund Based-Long Term	20.00
	Vendor Bill Discounting	Fund Based-Long Term	40.00
	EPC/PCFC		(5.00)*
	ILC/FLC/BG	Non-Fund Based- Short Term	14.55
Total			74.55

*sub-limit of Open Cash Credit

For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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 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