

Rating Rationale

Brickwork Ratings has assigned 'BWR B+' rating for Bank Loan Facilities aggregating to ₹ 8.95 Cr of Saptashringi Aluminium Pvt. Ltd.

Brickwork Ratings has assigned the following **Rating¹** for Bank Credit facility proposed/availed amounting to Rs.8.95 Cr by Saptashringi Aluminium Pvt. Ltd. (SAPL or the 'Company'):-

Facility	Limit (Rs. In Cr)	Tenure	Rating
Fund Based			
Cash Credit	4.00	Long Term	BWR B+ (Pronounced as BWR B Plus) (Outlook: Stable)
Term Loan	4.95		
Total	8.95	INR Eight Crores and ninety five lakhs	

BWR has principally relied upon the projected financial results of FY16 – FY20 and publicly available information and information/clarification provided by the company's management.

The rating has factored, inter alia, experienced management in the field of aluminium and extrusions business line of more than two decades; locational advantage of the plant; expected modest financial risk profile indicating reasonable gearing level, strong coverage ratios with adequate cash accruals to serve its debt obligations and good profit margins which are subject to commencement of the commercial production as projected.

The Rating is however, constrained by company's inherent implementation/commencement risk which is susceptible to time and cost overrun; volatility associated with raw materials and finished goods prices as it deals in commoditised product; intense competition from renowned and bigger players in the same line of business in the vicinity.

Background:

Saptashringi Aluminum Private Limited was incorporated in August, 2013 and the commercial production of the business is expected to commence in July 2015, with its registered office situated at Nashik, Maharashtra and the factory is located 30 kms away from it. The company has three directors namely, Mr. Raju M Jagtap, Mr. Jaiprakash R Singh and Mr. Virendrakumar K Mishra.

SAPL is majorly into aluminum extrusion press and auxiliary equipment for the production facilities of aluminum extrusion sections such as vertical angles, channels, pipes, flats, canal rods of various size.

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

It has an extrusion plant with an installed capacity of 3600 MT per year and will extrude over 2500 profiles in various alloys, will be catering majorly to automobile and electrical section apart from others.

The total cost of the project of Rs.8.55 Cr is to be funded by way of term loan of Rs.4.95 Cr from State Bank of Bikaner and Jaipur and promoter's contribution of Rs.3.60 Cr.

It also has two associate concerns namely M/s Suraj Construction and M/s Sai Traders which are engaged in residential as well as commercial & industrial construction business and trading of aluminium products, respectively.

Management Profile:

The company is managed by Mr. Raju M Jagtap, Mr. Jaiprakash R Singh and Mr. Virendrakumar K Mishra.

Mr. Raju M Jagtap is a Diploma in Operation Department and has an experience of a decade in his last assignment at KSB Pumps Ltd. He also has an experience of 10 years in construction business in his proprietorship concern namely, M/s Suraj Construction.

Mr. Jaiprakash R Singh has an experience of 25 years in the aluminium extrusion and related business line in his different assignments. He has his own concern namely, M/s Sai Traders which is engaged in trading of aluminium products.

Mr. Virendrakumar K Mishra is a Bachelor of Science along with Diploma in Mechanical and has an experience of 30 years in the aluminium extrusion business. Presently, he is also engaged with Ramco Extrusion Pvt. Ltd. as a General Manager.

Financial Performance:

The commercial production of the company is yet to commence in July 2015. As informed by the management, till April 2015, the company has received Rs.1.99 Cr through term loan from Bank finance along with promoter's contribution of Rs.1.02 Cr towards civil construction, plant & machinery and electrification.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the timely commencement of the commercial production within the stipulated cost of project, achieving

the projected revenue and profitability along with maintaining the modest financial risk profile as projected, would remain the key rating sensitivities.

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