



Rating Rationale

Vulcan Cold Forge Pvt Limited

9 Feb 2017

Brickwork Ratings revises the ratings for the Bank Loan Facilities of Vulcan Cold Forge Pvt Limited

Particulars:

Facility	Previous Limit	Current Limit	Tenure	Rating	
				Previous (Dec 15)	Assigned
Cash Credit	7	7.5	Long Term	BWR BB+ (Pronounced as Double B Plus)	BWR BB (Pronounced as Double B) (Downgraded) Outlook: Stable
Term Loan	7.25	5.98	Long Term		
Total	14.25	13.48	Rupees Thirteen Crores and Forty Eight Lacs only		

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

Rating Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, projected financials up to FY17 , 9MFY17 figures and publicly available information and information / clarifications provided by the company.

The ratings continue to draw comfort from the extensive experience of the promoters in the business, stabilised operations in FY16 . The ratings , however, constrained by company's low tangible net worth base ,low profitability margins due to intense competition ,high leverage ratio and non achievement of projected revenues for FY16.

Rating Outlook: Stable

BWR believes the Vulcan Cold Forge Pvt Ltd.'s 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 there is a sustained improvement in the revenues and profits of the company owing to the policies implemented by the Government

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agencies regarding the tenders. The rating outlook may be revised to 'Negative' if the revenues and profits reduce due to non-implementation of the same.

About the Company:

The Company ‘Vulcan Cold Forge Pvt Ltd.’ was incorporated in 2013 by Mr. Sanjeev Kumar Ahuja and Mr. Sunil Kumar Ahuja. The main object of the company is to manufacture nuts, bolts, screws, roller, washer, rivet, wire, wire-non excise for Automobile and Electrical Industry. The company commenced operations in June 2015. The company is an extension of existing unit namely Vulcan Forge private limited which is located in residential area in NCR and will gradually shift its resources & assets to new premises of Vulcan Cold forge Pvt ltd in Manesar, Gurgaon.

Company Financial Performance

The company generated total operating revenue of Rs. 20.80 Crores in FY16 as against projections of Rs.32 Cr. The company generated Profit after Tax of Rs. 0.15 Crores in FY16 .

Rating History for the last three years (including withdrawn/suspended ratings)

Facility	Previous Amount (Rs. Crs)	Rating Assigned (2017)			Rating History		
		Amount (Rs. Crs)	Tenure	Rating	2016	2015	04/11 /14
Cash Credit	7	7.5	Long Term	BWR BB (Pronounced as Double B) Downgraded Outlook: Stable	NA	NA	BWR BB+
Term Loan	7.25	5.98	Long Term				
Total	14.25	13.48	Rupees Thirteen Crores and Forty Eight Lacs only				

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

Any other information- NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)



- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Manufacturing Entity](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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.

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