

Rating Report

Brickwork Ratings assigns “BWR B” for the Bank Loan facilities aggregating to ₹ 7.56 Cr of Ambica Aluminium

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan facilities amounting to ₹ 7.56 Cr of **Ambica Aluminium** (or ‘the firm’) availed from Central Bank of India:

Facilities	Amount (Rs Cr)	Tenure	Rating
Fund Based			BWR B (Pronounced BWR B) (Outlook: Stable)
Term Loan	3.56	Long Term	
Working Capital	4.00		
Total	7.56	(INR Seven Crores and Fifty Six Lakhs only)	

BWR has principally relied upon the projections from FY17 to FY20 of the firm, publicly available information and information/clarifications provided by the firm’s management.

The rating reflects the partners' experience along with support from group associates engaged in roofing tiles manufacturing, better demand outlook for aluminium extruded products and present progress of the project.

However, the rating is constrained by the stabilization risk pertaining to the ongoing greenfield project, its presence in a competitive industry and susceptibility of its margin to fluctuations in raw material prices.

Background:

Ambica Aluminium is established as a partnership firm in October, 2014. The partners are Mr. Mahendra Tank, Mrs. Hansa Tank and Mr. Shashank Tank. Its registered office is located in Kolkata, West Bengal. The firm is proposing to manufacture aluminium extruded products with installed capacity of 2400 Metric Ton per Annum at its plant located at Balaghat, Madhya Pradesh. It is planning to procure Aluminium Ingots, which is a basic raw material, from BALCO, NALCO and HINDALCO. The promoters' other group concerns are in the same line of business, i.e. roof tiles manufacturing and are in existence since 1985.

The partners are well experienced and have a successful track record in running its ventures. Mr. Mahendra Tank has a business experience of 30 years while Mrs. Hansa Tank, wife of Mr. Mahendra Tank, has around 10 years of experience in business. Mr. Shashank Tank, youngest son of Mr. Mahendra Tank is a post graduate in Business Administration and has 4 years of business experience.

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

Project Details:

The total cost of the project of ₹ 6.77 Cr. is funded by Promoters' contribution of ₹3.21 Cr and term loans from Bank of ₹ 3.56 Cr. Till Dec 15, 2015 the promoters have contributed ₹1.20 cr while Bank funding received of ₹1.70 Cr.

Project Status:

The promoters have informed of that the progress of the project is on schedule and shall commence production well ahead of its commercial production date. As FY17 shall be its first year of operations, the firm has estimated sales of ₹ 27.09 Cr with operating profit margin of 7.70 %. The Total debt/Tangible net worth for FY17 is estimated at 2.21 times. The projected profit margin is 0.31% and cash accrual is 0.11 times for FY17. The coverage ratios are estimated in lines with its projected financials.

Rating Outlook:

The outlook is expected to be stable over the year. The firm's ability to complete the project within the projected cost and time along with timely stabilization of operations and achievement of projected sales and profit margins would remain the key rating sensitivities.

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Ambica Aluminium – BLR – Rs.7.56 Cr
Profit and Loss

Profit and Loss Account				
Crores	FY17	FY18	FY19	FY20
	Projected	Projected	Projected	Projected
Gross Sales	27.09	32.51	37.92	37.92
Excise Duty/Sales Tax	2.98	3.58	4.17	4.17
Net Sales	24.11	28.93	33.75	33.75
Total Operating Income	24.11	28.93	33.75	33.75
Operating Expenses	22.25	26.61	31.05	31.18
OPBDIT	1.86	2.32	2.70	2.58
Depreciation/Amortization/Impairment	0.72	0.61	0.53	0.45
OPBIT	1.14	1.71	2.18	2.12
Interest and Finance Charges	1.07	0.99	0.91	0.82
PBT	0.07	0.71	1.27	1.30
Provision for Taxes	0.00	0.04	0.11	0.11
PAT	0.07	0.67	1.16	1.19

Ambica Aluminium – BLR – Rs.7.56 Cr
Balance Sheet

Balance Sheet				
Crores	FY17	FY18	FY19	FY20
	Projected	Projected	Projected	Projected
Liabilities				
EQUITY AND RESERVES	3.28	3.96	5.12	6.31
Share capital	3.21	3.28	3.96	5.12
Reserves and Surplus	0.07	0.67	1.16	1.19
Non-current liabilities	3.26	2.67	2.08	1.48
Long-Term Borrowings	3.26	2.67	2.08	1.48
Current liabilities	4.35	4.38	4.42	4.45
Short-Term Borrowings	4.00	4.00	4.00	4.00
Trade Payables	0.35	0.38	0.42	0.45
Total Liabilities	10.89	11.01	11.61	12.25
ASSETS				
Non-current assets	4.43	3.85	3.41	3.04
Net Fixed assets	4.40	3.79	3.27	2.81
Non Current Investments	0.01	0.02	0.03	0.04
Other Non Current Assets	0.02	0.04	0.11	0.19
Current assets	6.46	7.16	8.21	9.21
Inventories	4.10	4.29	4.49	4.69
Trade Receivables < Six Months	1.90	1.95	2.00	2.05
Cash and Cash Equivalents	0.01	0.02	0.02	0.03
Short-Term Loans and Advances	0.45	0.90	1.70	2.45
Total Assets	10.89	11.01	11.61	12.25