

Alom Poly Extrusions Limited: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Cash Credit	10.00	SMERA B/Stable (Assigned)
Term Loan	2.69	SMERA B/Stable (Assigned)
Proposed Long Term	0.50	SMERA B/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) on the Rs.13.19 crore bank facilities of Alom Poly Extrusions Limited (APEL). The outlook is '**Stable**'. The rating is constrained by the small scale of operations, working capital intensive business and susceptibility of margins to volatility in raw material prices. The rating is also constrained by the intense competition in the corrugated pipes industry. However, the rating draws support from the experienced management and moderate financial risk profile marked by moderate gearing and interest coverage.

APEL has achieved operating income of Rs.29.01 crore with profit of Rs.0.18 crore in FY2015-16 (Provisional), a decline from Rs.40.77 crore in FY2014-15. The company has moderate financial risk profile marked by small scale of operations. APEL registered profit of Rs.1.16 crore in FY2014-15 against losses of Rs.2.33 crore in FY2013-14. The gearing (debt-to-equity) has been moderate at 1.31 times as on March 31, 2015 against 2.33 times in FY2013-14. Moreover, the interest coverage ratio stood at 2.25 times in FY2014-15 against 0.23 times in FY2013-14. The company registered PAT margin of 2.84 per cent in FY2014-15 as against (-14.22) per cent in FY2013-14. APEL operates in an intensely competitive segment of the corrugated pipes industry. The total debt of Rs.36.39 crore includes unsecured loans of Rs.15.86 crore that are subordinated to bank debt as on March 31, 2015.

Outlook: Stable

SMERA believes that APEL will maintain a stable outlook over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profitability while maintaining debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or working capital management.

Rating Sensitivity Factors

- Improvement in revenue and profitability profile
- Improving working capital cycle

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

The Kolkata-based APEL, was incorporated in 1990 by Mr. Ajay Prakash Jhunjhunwala and Mr. Shreeprakash Jhunjhunwala. The company commenced commercial operations from 2012 to manufacture corrugated pipes such as Double Wall Corrugated (DWC) and High Density Polyethylene (HDPE) Pipes. These are used for sewage, drainage and cable protection purposes.

For FY2014–15, the company reported profit after tax (PAT) of Rs.1.16 crore on operating income of Rs.40.77 crore, as compared with losses of Rs.2.33 crore on operating income of Rs.16.39 crore in FY2013–14. The net worth stood at Rs.15.63 crore as on March 31, 2015 against Rs.14.60 crore a year earlier.

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ABOUT SMERA

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