

Press Release

Axi Lam Private Limited

March 21, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 11.50 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 11.50 crore bank facilities of Axi Lam Private Limited. The outlook is '**Stable**'.

Axi Lam Private Limited (ALPL), an Ahmedabad-based company incorporated in 2015 manufactures laminated sheets.

Key Rating Drivers

Strengths

- **Experienced management**

The directors, Mr BharatBhai Patel, Mr. Vasantbhai Patel, Mr. Ravibhai Patel and others possess experience of five years in the timber industry.

Weaknesses

- **Limited operational track record**

ALPL, incorporated in 2015, has small scale of operations. The operating income stood at Rs.9.87 cr from April 2016 to December 2016 (provisional).

- **Intense competition**

ALPL faces intense competition from several organised and unorganised players in the laminates industry.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

SMERA believes that ALPL will maintain a Stable outlook in the medium term and continue to benefit from its experienced management. The outlook may be revised to Positive if the scale of operations increases substantially while also improving operating profitability. Conversely, the outlook may be revised to Negative if the company fails to achieve scalability amidst intensifying competition in its area of operations or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

ALPL is an Ahmedabad-based company incorporated in 2015. The company is engaged in the manufacturing of laminated sheets and has an integrated processing plant at Gujarat with installed capacity of 900,000 units per annum.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	31-Jul-2024	6.50	SMERA B+ / Stable

Contacts

Analytical	Rating Desk
Vinayak Nayak Head - Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in
Sheetal Patankar Rating Analyst Tel: 022-67141153 sheetal.patankar@smera.in	

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