

Press Release

ELECTINE ARN ALLOYS PRIVATE LIMITED

23 November, 2017

Rating Assigned



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|-------------------------------------|---------------------------|
| Total Bank Facilities Rated* | Rs. 9.75 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**) on the Rs. 9.75 crore bank facilities of ELECTINE ARN ALLOYS PRIVATE LIMITED. The outlook is '**Stable**'.

The Karnataka-based Electine Arn Alloys Private Limited (EAAPL) was incorporated in 2015 by Mr M V Hanumanthaiah, Mr H Lokesh and Mr Syed Naseer. The company is engaged in the manufacturing of lead alloys and products at Kolar, Karnataka and has installed capacity of 14,000 mtpd. Commercial operations are yet to commence.

Key Rating Drivers

Strengths

- **Experienced management**

The company is led by Mr H Lokesh, Director who possesses over six years of experience in the lead industry.

Weaknesses

- **Moderate project risk**

The total project cost of Rs 8.20 crore is expected to be funded by term loan of Rs 3.75 crore and the balance from promoters. The project is exposed to timely implementation and execution risk. The timely commencement of operations without any delay will remain the rating sensitivity factor.

- **Susceptibility of profitability margins to volatility in raw material prices**

The margins of the company are susceptible to volatility in the price of galena, lead ore among others. Significant changes in raw material prices due to import pressure and over supply would have an impact on the margins of the company.

- **No track record of operations:**

The company is yet to start operations.

Analytical Approach

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

Outlook: Stable

SMERA believes that EAAPL will maintain a stable outlook over the medium term owing to its experienced promoters. The outlook may be revised to 'Positive' if the company registers more than envisaged sales and profitability by commencing operations on time. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the envisaged revenue and profitability 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

No operational track record.

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

NA

Any other information

NA

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. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 6.00 | SMERA B / Stable |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 3.75 | SMERA B / Stable |

Contacts

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