

Press Release

ALUMILITE ARCHITECTURALS PRIVATE LIMITED

11 December, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 25.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B' (read as SMERA B)** and short term rating of '**SMERA A4' (read as SMERA A four)** on the Rs. 25.00 crore bank facilities of ALUMILITE ARCHITECTURALS PRIVATE LIMITED. The outlook is '**Stable**'.

Alumilite Architecturals Private Limited (AAPL) was incorporated in 1982 by Mr. Varun Damani, Ms. Manju Damani, Ms. Prerna Damani and Mr. Sanjib Chakraborty (Directors). The company is engaged in the fabrication, erection, commissioning and installation of aluminium structures and undertakes construction projects (residential, commercial and industrial). The manufacturing facility is located at Bhiwandi, Thane.

Key Rating Drivers

Strengths

•Established track record of operations and experienced management

AAPL incorporated in 1982 was promoted by Mr. Varun Damani, Ms. Manju Damani, Ms. Prerna Damani and Mr. Sanjib Chakraborty (Directors) who possess more than three decades of experience in the industry.

•Healthy order book position

AAPL has healthy order book position of Rs. 64.40 crore from reputed customers such as Lodha (Mumbai), Bluemonde Tower (Worli), Sardar Patel Stadium, Gujarat to name a few to be executed in FY2017-18.

•Moderate financial riskprofile

The financial risk profile is moderate marked by healthy net worth of Rs. 34.27 crore as on 31 March, 2017 (which includes unsecured loan of Rs. 24.17 crore considered as quasi equity). The net worth stood at Rs. 32.37 crore as on 31 March, 2016. The gearing stood at 0.35 times as on 31 March, 2017 as against 0.24 times in the previous year. The total debt outstanding as on 31 March, 2017 is working capital borrowing of Rs. 11.93 crore. The interest coverage ratio stood at a comfortable 2.13 times in FY2017 as against 1.62 times in FY2016. The DSCR has been comfortable at 1.71 times in FY2017 as against 1.41 times in the previous year. The net cash accruals stood at Rs.1.54 crore in FY2017 and Rs. 0.88 crore in FY2016. The NCA/TD stood at 0.13 times compared to 0.11 times in FY2016.

Weaknesses

•Working capital intensiveoperations

AAPL has working capital intensive operations marked by high GCA days of 498 in FY2017 as against 703 days in FY2016. This is majorly on account of high inventory holding period of 410 days in FY2017 and 573 days in FY2016. The debtor days are also high at 101 days in FY2017 as against 158 days in FY2016 as majority of the receivables are received after completion of the work. The creditor days are also stretched at 128 days in FY2017 as against 152 days in FY2016. The bank limit utilisation stood at ~99 per cent for the last six months ended October 2017.

•Uneven profitability margins

The profitability margins of AAPL have been uneven from FY2015 to FY2017. The EBITDA margins stood at 11.92 per cent in FY2017 as against 13.15 percent in FY2016. The margins have registered a declining trend due to fluctuation in raw material prices and employee cost. However, the PAT margins are healthy at 3.68 percent in FY2017 as against 2.84 percent in FY2016 on account of profitable orders received by the company.

•Susceptibility of profitability to volatility in raw material prices, cyclical in the end user industry

The profit margins are exposed to fluctuations in the prices of raw material - aluminium. The revenue is also dependent on the growth of its end-user industries - real estate and infrastructure which is cyclical in nature thereby affecting profitability margins and revenues.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of AAPL to arrive at the rating.

Outlook: Stable

SMERA believes that AAPL will maintain a stable outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues or improvement in the financial risk profile and liquidity position while maintaining profitability margins. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or deterioration in the financial risk profile or liquidity position.

About the Rated Entity - Key Financials

In FY2016-17, the company reported profit after tax (PAT) of Rs.1.23 crore on operating income of Rs.33.34 crore as against net profit of Rs.0.58 crore on operating income of Rs.20.37 crore in the previous year. The tangible net worth stood at Rs. 34.27 crore as on 31 March, 2017 as against Rs. 32.37 crore a year earlier.

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>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.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
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA B / Stable
Proposed Bank	Not Applicable	Not	Not	15.00	SMERA A4

Guarantee		Applicable	Applicable		
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ABOUT SMERA

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