

## Press Release

**Alumilite Architecturals Limited  
(Erstwhile Alumilite Architecturals Private Limited)**



January 03, 2019

### Rating Reaffirmed, Withdrawn and Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 15.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A4

\* Refer Annexure for details

### Rating Rationale

Acuité has reaffirmed short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 2.00 crore bank facilities of ALUMILITE ARCHITECTURALS LIMITED (AAL).

Also, Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 13.00 crore bank facilities of AAL. The outlook is '**Stable**'.

Further, Acuité has withdrawn long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) to the Rs. 10.00 crore bank facilities of AAL.

AAL 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).

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of AAL to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Established track record of operations and experienced management**

AAL was incorporated in 1982, hence has operational track record of over three years. The promoters possess more than three decades of experience in the industry.

- **Moderate financial risk profile**

The financial risk profile is moderate marked by adjusted tangible net worth of Rs.39.29 crore as on 31 March, 2018 as against Rs.34.27 crore in the previous year. The adjusted gearing stood at 0.18 times on 31 March, 2018 as against 0.35 times in the previous year. For arriving at the rating, Acuité has considered the interest-bearing unsecured loan of Rs.26.65 crore from related parties as part of equity as the same is subordinated to bank debt. The interest coverage ratio (ICR) stood at 2.65 times for FY2018 and 2.13 times for FY2017. The debt service coverage ratio (DSCR) stood at 2.17 times for FY2018 and 2.13 times for FY2017. The total outside liabilities to tangible net worth (TOL/TNW) stood at 0.60 times as on 31 March, 2018 as against 0.74 times in the previous year. The net cash accruals to total debt (NCA/TD) stood at 0.44 times in FY2018 compared to 0.13 times in FY2017.

#### Weaknesses

- **Uneven revenue trend due to the tender based nature of operations**

AAL reported operating income of Rs.30.56 crore for FY2018 as against Rs.33.34 crore for FY2017 and Rs.20.37 crore for FY2016. The uneven trend in its revenue is mainly on account of tender based nature of operations which makes it vulnerable to order cyclical. However, the company has healthy unexecuted order book position of Rs. ~73.00 crore which is expected to be executed over the next 18 months. Hence, the healthy order book position provides moderate revenue visibility over the medium term.

- **Working capital intensive operations**

The operations are working capital intensive evident from the Gross Current Asset (GCA) of 567 days for FY2018 as against 498 days for FY2017. This is mainly on account of high inventory holding period of 520 days and debtor days of 145 as on 31 March, 2018. Further, the average cash credit limit utilisation for the last six months stood at ~92 percent ended 30 November, 2018.

- **Susceptibility of profitability to volatility in raw material prices and 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.

**Outlook: Stable**

Acuité believes that the outlook on AAL's rated facilities will remain 'Stable' over the medium term on account of its established operational track record and extensive experience in the aforementioned industry. The outlook may be revised to 'Positive' in case of significant growth in revenue and profitability while effectively managing its liquidity position. Conversely, the outlook may be revised to 'Negative' in case of decline in net cash accruals or deterioration in the financial and liquidity profile due to higher than envisaged working capital requirements.

**About the Rated Entity - Key Financials**

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	30.56	33.34	20.37
EBITDA	Rs. Cr.	6.62	3.97	2.68
PAT	Rs. Cr.	2.79	1.23	0.58
EBITDA Margin (%)	(%)	21.66	11.92	13.15
PAT Margin (%)	(%)	9.13	3.68	2.84
ROCE (%)	(%)	14.14	8.77	6.66
Total Debt/Tangible Net Worth	Times	0.57	0.70	0.56
PBDIT/Interest	Times	2.65	2.13	1.62
Total Debt/PBDIT	Times	2.43	4.67	4.83
Gross Current Assets (Days)	Days	567	498	703

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

None

**Any other information**

None

**Applicable Criteria**

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

**Note on complexity levels of the rated instrument**

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

**Rating History (Upto last three years)**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
11-Dec-2017	Proposed Cash Credit	Long Term	10.00	ACUITE B / Stable (Assigned)
	Proposed Bank Guarantee	Short Term	15.00	ACUITE A4 (Assigned)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.75	ACUITE B / Stable (Withdrawn)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE B / Stable (Assigned)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4 (Reaffirmed)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.25	ACUITE A4 (Withdrawn)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE A4 (Assigned)

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**About Acuité Ratings & Research:**

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