

## Press Release

### Gloria Aluminium India Private Limited

June 04, 2019

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 6.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned the long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 6.00 crore bank facilities of Gloria Aluminium India Private Limited (GA IPL). The outlook is '**Stable**'.

Incorporated in 2016, GA IPL is engaged in the manufacture of Aluminium extrusions. Their entire client base is in domestic markets and their suppliers are primarily scrap dealers and traders. It has its manufacturing facilities currently located in Pune, Maharashtra running at a capacity of 180 metric tonnes per annum. They plan to increase capacity utilization incrementally with current average utilization of around 60 per cent. They also plan to do business with more than 150 customers, primarily from the state of Maharashtra.

### Analytical Approach

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

### Key Rating Drivers

#### Strengths

- **Experienced management:**

The company is engaged in the manufacture of aluminium extrusions and is promoted by the Agarwal family led by Mr. R. M. Agarwal and Mr. P. M. Agarwal who have more than two decades of experience. The family has another partnership firm by the name of Gloria Engineering Co. which was established in 1996 and is engaged in the manufacturing of automotive components for commercial vehicles, passenger cars and farm equipment aggregates. Acuité believes that the company will benefit from its well established sister concern and help the company acquire and maintain long standing relations with customers and suppliers.

#### Weaknesses

- **Nascent stage of operations and existing competition**

The company started its operations in 2017 and plans to utilize higher capacity for higher sales from FY2019. The capacity addition is expected to begin from FY2019 and is expected to be utilized entirely by the end of the financial year. This will be a crucial rating sensitivity factor for the company and will determine financial profitability in the future. Acuité believes that utilizing existing capacity will be crucial for profitability and to maintain a stable financial risk profile.

- **Highly competitive and fragmented industry**

The company operates in a highly competitive and fragmented market with limited entry barriers. This results in the presence of a large number of players in the unorganized sector thereby limiting the bargaining power of the company with its customers. Additionally, the company is in its initial years of operations and will have to secure customers for maintaining its scale of operations.

#### Liquidity Position

GA IPL has a stretched liquidity position. We do not expect any positive net cash accruals in the first year of operations and expect maturing debt obligations to stand Rs. 0.38 crore for FY2018-19. Acuité believes that the promoters would support the company till operations stabilize. The liquidity of the company is likely to remain stretched over the medium term on account of nascent stage of operations and will rely on the ability of the promoters to fund the liquidity deficit in the initial stage of

operations.

### Outlook: Stable

Acuite believes that GAIPL will maintain a '**Stable**' outlook and continue to benefit over the medium term owing to its promoters' industry experience. The outlook may be revised to '**Positive**' in case of sustained improvement in the scale of operations and profitability while maintaining comfortable financial risk profile and liquidity position. Conversely, the outlook may be revised to '**Negative**' in case of lower-than-expected capacity utilization resulting in lower than expected revenues impacting the accruals and/or if the financial risk profile weakens, because of stretch in working capital cycle or higher than expected debt-funded capital expenditure.

### About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	11.02	-	-
EBITDA	Rs. Cr.	(0.76)	(0.02)	-
PAT	Rs. Cr.	(1.66)	(0.02)	-
EBITDA Margin	(%)	(6.94)	-	-
PAT Margin	(%)	(15.02)	-	-
ROCE	(%)	(24.18)	(1.19)	-
Total Debt/Tangible Net Worth	Times	(50.65)	6.44	-
PBDIT/Interest	Times	(55.07)	8.30	-
Total Debt/PBDIT	Times	(12.03)	(151.94)	-
Gross Current Assets (Days)	Days	207	-	-

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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)

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	3.00	ACUITE B / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE B / Stable

## Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a></p> <p>Karan Patil Analyst - Rating Operations Tel: 022-49294074 <a href="mailto:karan.patil@acuite.in">karan.patil@acuite.in</a></p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>

### About Acuite Ratings & Research:

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