



**Press Release**  
**MANAKSIA ALUMINIUM COMPANY LIMITED**  
**November 30, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	184.00	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative	-
Bank Loan Ratings	61.00	-	ACUITE A2+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	245.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and the short-term rating of '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs.245.00 Cr bank facilities of Manaksia Aluminum Company Limited (MACL). The outlook is revised from '**Stable**' to '**Negative**'.

**Rationale for revision in the outlook and rating reaffirmation**

The outlook revision of MACL from 'Stable' to 'Negative' takes into account company's subdued operating performance in H1FY2024 marked by decline in the operating income and estimated deterioration in debt protection metrics. The company reported an operating income of Rs.191 Cr in H1FY2024 as against Rs.241 Cr in H1FY2023. The operating profitability recorded an improvement as it stood at 8.97 percent in H1FY2024 as against 6.98 percent in the same period last year. However, due to estimated increase in total debt in FY2024 as compared to last year and reduced cash accruals due to decline in operating income, the debt protection metrics marked by interest coverage ratio and debt service coverage ratio is estimated to deteriorate more than estimated earlier.

The rating reaffirmation of MACL takes into account stable operating performance in FY2023, experienced management with an established track record of operations and moderate financial risk profile. Going forward, ability of the company to improve its scale of operations while maintaining the profitability margins along with ability to improve and maintain an efficient working capital cycle will remain key rating sensitivity factors.

**About the Company**

MACL is a Kolkata-based company managed by Mr. Sunil Kumar Agarwal and Mr. Anirudh Agarwal. It was incorporated in 2010 and was a dormant company till 2013. Subsequently, the aluminum vertical of Manaksia Limited (ML) was transferred under the scheme of demerger. Since then, the company is engaged in manufacturing of value-added aluminum products such as aluminum rolled sheets / coils, aluminum patterned sheets, aluminum roofing sheets, aluminum flooring sheets, aluminum alloy ingots. The company's manufacturing facility is located in Haldia, West Bengal with an installed capacity of 25,800 tonnes per annum.

**Unsupported Rating**

None

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of MACL to arrive at

the rating.

## Key Rating Drivers

### Strengths

#### Experienced management and established track record of operations

MACL is engaged in manufacturing of aluminum rolled products and caster coils since 2013. Prior to 2013, the operations were under Manaksia Ltd. (ML) which is the flagship company of the Manaksia group. Currently, the company is managed by Mr. Sunil Kumar Agrawal (Managing Director) who possesses an extensive experience of about three decades in the manufacturing of aluminum rolled products. He is further supported by his son Mr. Anirudha Agrawal (CEO) and a team of experienced professionals in managing day to day operations of MACL. The extensive experience of the management has enabled MACL to establish a healthy relationship with its customers and suppliers. In addition to this, the company caters to strong customer base in various end-user industries which includes EPC players, OEM and engineering companies with a diversified geographical presence across domestic and overseas markets such as USA, European and African nations amongst others.

Acuité believes that MACL will continue to benefit from its experienced management and established track record of operations.

#### Moderate financial risk profile

Financial risk profile of MACL is moderate marked by healthy networth, low gearing and moderate debt protection metrics. The tangible networth of the company stood improved at Rs.140 Cr as on 31 March, 2023 as against Rs.127 Cr as on 31 March, 2022 due to accretion of profits to reserves. It also includes the amount of Rs.14.76 Cr been treated as quasi equity since the unsecured loans from directors infused into the business are subordinated to bank borrowings. The gearing (debt-equity) of the company stood marginally increased at 0.93 times as on 31 March, 2023 as against 0.91 times as on 31 March, 2022 due to an increase in the overall debt profile during the year. The increase in the company's debt profile is towards the capex related to modernising and upgrading the existing facility to improve the product mix and reduce certain operational expenses for improving the profitability margins. The gearing of the company is however expected to improve further over the medium-term despite of plans of raising additional debt towards the further phase of the said capex. The total debt of Rs.130 Cr as on 31 March, 2023 consists of long term bank borrowings of Rs.37 Cr, unsecured loans from directors of Rs.1 Cr and short term bank borrowings of Rs.92 Cr.

The interest coverage ratio stood comfortable at 2.08 times for FY2023 as against 2.10 times for FY2022, whereas the DSCR though moderated, it however remained comfortable at 1.19 times for FY2023 as against 1.38 times for FY2022. The Net Cash Accruals to Total debt stood at similar level of 0.12 times for FY2023 and for FY2022. The Total outside liabilities to Tangible net worth stood improved at 1.71 times for FY2023 as against 1.93 times for FY2022. The Debt-EBITDA ratio though improved, it however remained high at 3.69 times for FY2023 as against 4.13 times for FY2022. Furthermore, the company's debt protection metrics over the medium term are estimated to remain moderate with the interest coverage ratio in the range of 1.82 times to 1.98 times and DSCR in the range of 1.06 times to 1.15 times.

Acuité believes that the financial risk profile of MACL is expected to remain moderate over the medium term due to its moderate debt levels vis-à-vis healthy tangible net worth and moderate debt protection metrics.

### Weaknesses

#### Stable operating performance in FY2023 albeit moderation in H1FY2024

The operating performance of MACL remained stable with its operating income of Rs.467 Cr for FY2023 as against Rs.436 Cr for FY2022 which is a growth of ~7 percent led by stable volume of aluminium rolled products sold by the company in both the domestic and exports market followed by the increased aluminium prices during the year. Export sales contributed ~58 percent of sales in FY2023 as against ~22 percent of sales in FY2022. The company sold 16,144 metric tonne of aluminium rolled products with an average selling price of Rs.276 per unit in FY2023 as against 16,163 metric tonne with an average selling price of Rs.258 per unit in FY2022. Further, the operating and net profit margin of the company stood improved at 6.92

percent and 1.90 percent in FY2023 as against 6.35 percent and 1.71 percent in FY2022, despite of increase in the overall operating costs as well as interest and depreciation charges during the year.

However, for the current year as of H1 FY2024, the revenue of the company stood lower at Rs.190 Cr as against Rs.246 Cr as on H1 FY2023 since the volume of export sales remained majorly impacted due to economic slowdown in the international markets. Furthermore, MACL's production activity was also impacted during Q1 FY2024 due to certain technical breakdown of the finishing line machinery which affected the dispatch of finished goods. In addition to this, the aluminium prices prevailing in London Metal Exchange (LME) stood decreased by ~25 percent as compared to the prices during last year, hence the price realisation remained subsequently lower during the said period. Despite of decrease in the overall revenue, the operating margin of the company however stood improved at 8.97 percent in H1 FY2024 as against 6.98 percent in H1 FY2023.

Acuité believes that the ability of MACL to improve its scale of operations while maintaining the profitability margins will remain a key rating sensitivity factor.

### **Working capital intensive operations**

The working capital operations of MACL are highly intensive marked by its Gross Current Assets (GCA) of 191 days which though remained high in FY2023, it however stood improved against 207 days for FY2022. This is primarily on account of its improved inventory cycle which stood at 117 days for FY2023 as against 131 days for FY2022. The company maintains an average inventory cycle of around 120 to 140 days due to the lead time involved in importing of raw materials as well as the average time taken of nearly 60 to 80 days towards completing the overall production cycle. On the other hand, the receivables cycle of the company stood at 36 days for FY2023 as against 35 days for FY2022 and the creditors cycle stood at 89 days for FY2023 as against 99 days for FY2022. The average bank limit utilization for 6 months' period ended August 2023 stood high at ~93 percent.

Acuité believes that the ability of MACL to improve and maintain an efficient working capital cycle over the medium term will remain a key rating sensitivity factor.

### **Rating Sensitivities**

- Ability to improve the scale of operations while maintaining the profitability margins
- Ability to improve and maintain an efficient working capital cycle

### **All Covenants**

Not applicable

### **Liquidity Position - Adequate**

MACL has adequate liquidity position marked by sufficient net cash accruals (NCA) to its maturing debt obligations. The company generated cash accruals in the range of Rs.3 Cr to Rs.16 Cr during FY2021 to FY2023 against its debt repayment obligation in the range of Rs.6 Cr to Rs.9 Cr during the same period. Going forward, the NCA are expected in the range of Rs.13 Cr to Rs.15 Cr for the period FY2024-FY2025 against its debt repayment obligation in the range of Rs.10 Cr to Rs.11 Cr during the same period. However, the working capital operations of the company are highly intensive marked by its gross current asset (GCA) days of 191 days for FY2023. This makes the company dependent on the bank borrowings for its working capital requirement. The average bank limit utilization for 6 months' period ended August 2023 therefore stood high at ~93 percent. Current ratio stands at 1.31 times as on 31 March 2023. The company has maintained cash & bank balance of Rs.0.10 Cr in FY2023.

Acuité believes that liquidity of MACL is likely to remain adequate over the medium term on account of sufficient cash accruals against its maturing debt obligations.

### **Outlook: Negative**

The outlook revision of MACL from 'Stable' to 'Negative' takes into account subdued

operating performance in H1FY2024 marked by decline in the operating income and estimated deterioration in debt protection metrics. The outlook may be revised to 'Stable' in case of improvement in the company's scale of operations while maintaining the profitability margins and comfortable financial risk profile. The rating shall be downgraded upon further deterioration in the scale of operations or incurring of more than the estimated debt funded capex leading to further deterioration in the financial risk profile of the company.

**Other Factors affecting Rating**

Not applicable

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	466.91	436.22
PAT	Rs. Cr.	8.87	7.46
PAT Margin	(%)	1.90	1.71
Total Debt/Tangible Net Worth	Times	0.93	0.91
PBDIT/Interest	Times	2.08	2.10

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

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Nov 2022	Cash Credit	Long Term	5.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	8.00	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	3.00	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.77	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.56	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	5.80	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.93	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB+   Stable (Assigned)
	Proposed Bank Facility	Long Term	0.30	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	21.50	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	2.67	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	2.93	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	2.60	ACUITE BBB+   Stable (Reaffirmed)
Term Loan	Long Term	3.72	ACUITE BBB+   Stable (Reaffirmed)	
Letter of Credit	Short Term	42.00	ACUITE A2+ (Reaffirmed)	
		Long		ACUITE BBB+   Stable

	Term Loan	Term	1.54	(Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	2.50	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	2.18	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Assigned)
13 Jan 2022	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Proposed Bank Facility	Long Term	3.40	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	11.60	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	41.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	3.50	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	7.00	ACUITE BBB+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	2.50	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
21 Oct 2020	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	41.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	2.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A2+ (Reaffirmed)



	Bank Guarantee	Short Term	3.50	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	7.00	ACUITE BBB+   Stable (Reaffirmed)
23 Sep 2020	Bank Guarantee	Short Term	2.50	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	7.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	41.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	3.50	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	7.50	ACUITE A2+   Reaffirmed
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	40.00	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	27.00	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	35.00	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
IDBI Bank Ltd.	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	14.00	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Federal Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	14.00	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Indusind Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	19.00	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Indusind Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE A2+

								Reaffirmed
Indian Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	11.50	ACUITE A2+   Reaffirmed
Federal Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE A2+   Reaffirmed
Bank of Baroda	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	9.00	ACUITE A2+   Reaffirmed
IDBI Bank Ltd.	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A2+   Reaffirmed
HDFC Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE A2+   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	9.17	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Federal Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.67	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Federal Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.31	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.40	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.93	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
								ACUITE

Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	6.59	BBB+   Negative   Reaffirmed   Stable to Negative
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.44	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
IDBI Bank Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.77	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
IDBI Bank Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.93	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.88	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.60	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.13	ACUITE BBB+   Negative   Reaffirmed   Stable to Negative
								ACUITE BBB+

Indian Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.18	Negative   Reaffirmed   Stable to Negative
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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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