

**Press Release**  
**MANAKSIA ALUMINIUM COMPANY LIMITED**  
**August 21, 2024**  
**Rating Reaffirmed**



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

**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 Aluminium Company Limited (MACL). The outlook remains 'Negative'.

**Rationale for rating reaffirmation**

The rating reaffirmation considers marginal decline in scale of operations in FY2024 and Q1FY25, albeit increase in operating profitability. The revenue of the company stood at Rs.432.49 Cr. in FY2024 against Rs.466.91 Cr. in FY2023. Further, the revenue declined to Rs.81.72 Cr. in Q1FY25 as compared to Rs.117.7 Cr. in Q4FY24. The decline in the operating income is primarily on account of lower price realisations and lower exports as the company faced difficulties in securing containers and vessels for exports. As learned from the management, revenue is expected to grow in subsequent quarters.

However, the operating profit margin of the company increased to 8.04% in FY2024 from 6.92% in FY2023. Further, it increased to 10.56% in Q1FY25 from 7.63% in Q4FY24.

The rating reaffirmation further takes into account, MACL's moderated financial risk profile, primarily on account of increased debt levels.

Going forward, ability of the company to improve its scale of operations while maintaining the profitability margins along with ability to improve financial risk profile 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 aluminium 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, aluminium patterned sheets, aluminium roofing sheets, aluminium flooring sheets, aluminium 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**

Not Applicable

**Analytical Approach**

Acuité 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 aluminium 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 moderate networth, debt protection metrics and low gearing levels. The tangible networth of the company stood improved at Rs.144.57 Cr. as on 31 March, 2024 as against Rs.139.88 Cr. as on 31 March, 2023 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 1.09 times as on 31 March, 2024 as against 0.93 times as on 31 March, 2023.

The interest coverage ratio stood at 1.67 times for FY2024 as against 2.08 times for FY2023, whereas the DSCR stood at 1.06 times for FY2024 as against 1.19 times for FY2023. The Net Cash Accruals to Total debt stood at 0.08 times for FY2024 against 0.12 times for FY2023. The Total outside liabilities to Tangible net worth stood improved at 1.89 times for FY2024 as against 1.71 times for FY2023. The Debt-EBITDA ratio though improved, it however remained high at 4.37 times for FY2024 as against 3.69 times for FY2023. 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 moderate tangible net worth and debt protection metrics.

### Weaknesses

#### Intensive Working Capital Operations

The working capital operations of MACL are highly intensive marked by its Gross Current Assets (GCA) of 236 days in FY2024 against 191 days for FY2023. This is primarily on account of its intensive inventory cycle which stood at 146 days for FY2024 as against 117 days for FY2023. 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 40 days for FY2024 as against 36 days for FY2023 and the creditor days stood at 114 days for FY2024 as against 89 days for FY2023.

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.

#### Decline in operating income albeit improvement in operating profitability margin

The operating income of MACL stood at Rs.432.49 Cr. in FY2024 against Rs.466.91 Cr. in FY2023.

Further, in Q1FY25, operating income declined to Rs.81.72 Cr. from Rs.117.7 Cr. in Q4FY24. The decline in revenue is primarily on account of lower price realisations and lower exports. The revenue share from exports declined due to limited availability of vessels required for exports. As learned from the management, they expect the revenue to improve from Q2FY25 onwards.

Further, the operating profit margin increased to 8.04% in FY2024 from 6.92% in FY2023 on account of various projects being undertaken by the company to automate the processes and increase efficiencies since last 3 years. The management expects the profitability to gradually increase further in the near term. Furthermore, the operating profit margin increased to 10.56% in Q1FY25 from 7.63% in Q4FY24.

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.

### Rating Sensitivities

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

### 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 of Rs.12.93 Cr. in FY2024 against maturing repayment obligation of Rs.9.26 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 236 days in FY2024. The average bank limit utilization for 6 months' period ended August 2023 stood high at ~93 percent. The limit utilisation is based on best available information. The current ratio stands at 1.22 times as on 31 March 2024. The company has maintained cash & bank balance of Rs.0.12 Cr. in FY2024.

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

### Outlook : Negative

Acuite believes that the outlook on MACL will continue to remain 'Negative' on account of decline in scale of operations in FY2024 and further in Q1FY25 as compared to previous quarters and estimated deterioration in the 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 in coming quarters 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

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	432.49	466.91
PAT	Rs. Cr.	5.09	8.87
PAT Margin	(%)	1.18	1.90
Total Debt/Tangible Net Worth	Times	1.09	0.93
PBDIT/Interest	Times	1.67	2.08

### 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>
- Manufacturing Entities: <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
30 Nov 2023	Cash Credit	Long Term	19.00	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	2.67	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	2.31	ACUITE BBB+   Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	9.17	ACUITE BBB+   Negative (Reaffirmed)
	Letter of Credit	Short Term	11.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	9.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	7.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	27.00	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	2.40	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	0.44	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	40.00	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	0.93	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	6.59	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	35.00	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	0.77	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	0.93	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	1.88	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	2.60	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	2.13	ACUITE BBB+   Negative (Reaffirmed)
	Term Loan	Long Term	2.18	ACUITE BBB+   Negative (Reaffirmed)
			Short	

04 Nov 2022	Letter of Credit	Term	21.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	42.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	1.00	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	5.80	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.56	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB+   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.30	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	8.00	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	0.93	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	3.00	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	2.18	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	1.54	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.77	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)
	Term Loan	Long Term	2.67	ACUITE BBB+   Stable (Reaffirmed)
13 Jan 2022	Cash Credit	Long Term	14.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	7.00	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	11.60	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.40	ACUITE BBB+   Stable (Reaffirmed)
	Letter of Credit	Short Term	28.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	41.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	2.50	ACUITE A2+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	3.50	ACUITE A2+ (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 avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.50	ACUITE A2+   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE BBB+   Negative   Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	27.00	ACUITE BBB+   Negative   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.00	ACUITE BBB+   Negative   Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE BBB+   Negative   Reaffirmed
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE BBB+   Negative   Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	19.00	ACUITE BBB+   Negative   Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.00	ACUITE A2+   Reaffirmed
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.50	ACUITE A2+   Reaffirmed
Federal Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.00	ACUITE A2+   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.00	ACUITE A2+   Reaffirmed
IDBI Bank	Not avl. /	Letter of	Not avl. /	Not avl. / Not	Not avl. / Not			ACUITE A2+



Ltd.	Not appl.	Credit	Not appl.	appl.	appl.	Simple	5.00	Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A2+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.17	ACUITE BBB+   Negative   Reaffirmed
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.67	ACUITE BBB+   Negative   Reaffirmed
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.31	ACUITE BBB+   Negative   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.40	ACUITE BBB+   Negative   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.93	ACUITE BBB+   Negative   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.59	ACUITE BBB+   Negative   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.44	ACUITE BBB+   Negative   Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.77	ACUITE BBB+   Negative   Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.93	ACUITE BBB+   Negative   Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.88	ACUITE BBB+   Negative   Reaffirmed
								ACUITE

Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.60	BBB+   Negative   Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.13	ACUITE BBB+   Negative   Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.18	ACUITE BBB+   Negative   Reaffirmed

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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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