

June 25, 2015

Facilities	Amount (Rs. Crore)	Rating
<b>Term Loan</b>	<b>3.50</b>	<b>SMERA B-/Stable (upgraded from SMERA D)</b>
<b>Import Letter of Credit cum Buyers Credit</b>	<b>5.00*</b>	<b>SMERA A4 (upgraded from SMERA D)</b>
<b>Bank Guarantee</b>	<b>0.60</b>	<b>SMERA A4 (upgraded from SMERA D)</b>

\*Includes Cash Credit cum PCL/FDBN/FDBP/FDBD as a sublimit to the extent of Rs.2.00 crore

SMERA has upgraded the ratings of Anofol Far East Anodizing Private Limited (AFEAPL) to '**SMERA B-/Stable/SMERA A4**' from '**SMERA D**'. The outlook is '**Stable**'.

The upgrade is primarily in view of timely servicing of the debt by the company in the last six months. The ratings are constrained by the small scale of operations due to under utilization of installed capacity, short track record and deterioration in debt protection metrics. The ratings are further constrained by the company's exposure to foreign exchange fluctuation risk. However, the ratings are supported by the company's experienced management and parent support.

### Update

AFEAPL has a relatively small scale of operations with net sales of Rs.6.38 crore in FY2014-15 Provisional (refers to financial year, April 01 to March 31) and Rs.5.28 crore in FY2013-14. The revenue has been low due to subdued demand from the customers which has resulted in underutilisation of its installed capacity. The company has a total production capacity of ~5,000 MTPA. AFEAPL's leverage is moderated at 0.39 times and net cash accruals of the company stood at Rs. 0.03 crore as on March 31, 2015. AFEAPL's being a net importer and the company does not hedge the profit margins are thus susceptible to adverse movements in foreign exchange rates.

AFEAPL benefits from the managerial, financial and technical support derived from its holding companies — Miro Ref Private Limited, Gujarat and Anofol S.R.L., Italy. AFEAPL also benefits from its experienced management. Mr. Paolo Rossi and Mr. Mansukh Makwana, directors of AFEAPL, have around 35 years of experience in the aluminium industry. Mr. Kunal Makwana, director of AFEAPL, has around seven years of experience in the aluminium industry.

### Outlook: Stable

SMERA expects AFEAPL to maintain a stable business risk profile over the medium term. The company is likely to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company scales up its operations while registering better profit margins and generating healthy cash flows. Conversely, the outlook may be revised to 'Negative' in case the

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company fails to achieve the projected scalability or in case of deterioration in the company's financial risk profile.

### About the company

AFEAPL was incorporated in 2011 as a joint venture between Miro Ref Private Limited (based in Rajkot, Gujarat) and Anofol S.R.L. of Pioltello, Italy. AFEAPL undertakes manufacturing of anodized aluminium products. The overall operations of the company are managed by Mr. Kunal Makwana, Mr. Paolo Gnocchi, Mr. Sergio Ceserani, Mr. Paolo Rossi, Mr. Mansukh Makwana and Mr. Dinesh Patel.

For FY2014–15, AFEAPL reported net loss of Rs.0.46 crore on operating income of Rs. 6.38 crore, as compared with net loss of Rs.0.11 crore on operating income of Rs.5.28 crore in FY2013–14. The company's net worth stood at Rs.10.77 crore as on March 31, 2015, as compared with Rs.11.23 crore a year earlier.

### Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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