

Press Release

Anofol Far East Anodizing Private Limited

December 07, 2020

Rating Withdrawn



Total Bank Facilities Rated*	Rs. 6.80 Cr.
Long Term Rating	ACUITE B (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE B**' (read as **ACUITE B**) and the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 6.80 crore bank facilities of Anofol Far East Anodizing Private Limited (AFPL).

The rating has been withdrawn on account of request received from the company and NOC received from the banker as per Acuite's policy.

Anofol Far East Anodizing Private Limited (AFPL), an ISO 9001 certified company based at Rajkot (Gujarat) was established in 2011. The company is engaged in manufacturing of anodized aluminum products, PCBs and MCPCBs. The operations are managed by Mr. Mansukh Makwana, Mr. Kunal Makwana and Mr. Dinesh Patel. The manufacturing facility situated in Metoda GIDC (Dist. Rajkot with installed 120000 Sq. Meters Per anum of PCBS and 400 MTS per anum for aluminum Anodizing.

Analytical Approach

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

Key Rating Drivers

Strengths

- Experienced management and reputed clientele**

The key promoter, Mr. Mansukh Makwana, has over three decades of experience in the aluminum industry. Other directors of the company, Mr. Kunal Makwana and Mr. Dinesh Patel, have over a decade of experience in the same line of business through their association with the company and other firms. The extensive experience of the promoters has helped to establish long-standing relationship with reputed customers that include Major OEMs of well-known industry players.

Weaknesses

- Average Financial Risk Profile**

The financial risk profile of the company is marked by moderate net worth of Rs. 8.29 crore as on 31 March 2020 as against Rs. 7.24 crore as on 31 March, 2019 which includes unsecured loans from promoters of Rs. 6.50 crores and Rs.5.43 crore as on 31 March, 2020 and as on 31 March, 2019. The gearing (Debt equity) stood low at 0.62 times as on 31 March 2020 as against as against 0.67 times as on 31 March, 2019. The interest coverage ratio stood at 1.79 times in FY2020 as against 1.64 times in FY2019. The debt service coverage ratio (DSCR) stood low at 0.84 times in FY2020 as compared to 1.01 times in FY2019. TOL/TNW stood at 0.81 times in FY2020 as against 0.77 times in FY2019. NCA/TD stood at 0.09 times in FY2020 as against 0.10 times in FY2019.

• Moderately stretched working capital cycle

The company has moderately working capital intensive cycle marked by gross current asset (GCA) days of 234 days for FY2020, which has improved from 260 days for FY2019. The increase in GCA days was marked by an increase in receivables days to 155 days for FY2020 from 54 days for FY2019. Inventory holding days stood at 64 days for FY2020 as against 182 days for FY2019.

Rating Sensitivities

- Improving scale of operations
- Decline in margins and profitability

Liquidity Position: Stretched

The liquidity of the company stood moderately stretched as marked by Rs.0.28 crore of net cash accruals as against repayment obligation of Rs.0.72 -0.90 crore repayment obligation for FY2019 and FY2020. The net cash accruals are likely to remain between Rs. 0.25 to 0.50 crore for FY2021-23. The current ratio stood at 1.99 times in FY2020 and stretched working capital cycle marked by high Gross Current Asset (GCA) of 260 days in FY2019. Thus resulting in moderate reliance on working capital limits which stood utilized at 66.28 percent for the last six month ending October 2020. The company is currently managing its repayment obligation by the support of promoter's unsecured loans.

Outlook:

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	9.48	5.48
PAT	Rs. Cr.	(0.01)	(0.93)
PAT Margin	(%)	(0.15)	(16.94)
Total Debt/Tangible Net Worth	Times	0.62	0.67
PBDIT/Interest	Times	1.79	1.64

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

None

Any other information

Not Applicable

Any Material Covenants

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
13-Sep-2019	Cash Credit	Long Term	1.00	ACUITE B / Stable (Upgraded)
	Term loans	Long Term	3.21	ACUITE B / Stable (Upgraded)

28-Jun-2018	Letter of credit	Short Term	2.39	ACUITE A4 (Reaffirmed)
	Bank guarantee	Short Term	0.20	ACUITE A4 (Assigned)
	Cash Credit	Long Term	1.00	ACUITE B- / Stable (Assigned)
	Term Loan	Long Term	3.41	ACUITE B- / Stable (Assigned)
	Letter of Credit	Short Term	2.39	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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE B (Withdrawn)
Term loans	Mar 2016	Not Applicable	Aug 2022	3.21	ACUITE B (Withdrawn)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	2.39	ACUITE A4 (Withdrawn)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	0.20	ACUITE A4 (Withdrawn)

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About Acuité Ratings & Research:

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