

Ramco Extrusion Private Limited

Instrument- Long term Scale	Amount (Rs. crore)	Rating Action
Canara Bank – Overdraft Facility	Rs. 8.00 crore (Enhanced from Rs 6.00 crore)	[ICRA]B+ ; downgraded from [ICRA]BB- (Stable)
Canara Bank – Term Loan Facility	Rs. 2.00 crore (Reduced from Rs 4.00 crore)	[ICRA]B+ ; downgraded from [ICRA]BB- (Stable)

ICRA has downgraded the long term rating of [ICRA]BB- (Stable) (pronounced Double B minus) to [ICRA]B+ (pronounced ICRA B plus) to the Rs.10.00 crore fund based facility of Ramco Extrusion Private Limited (REPL or the company).

The ratings downgrade factors in the company's weak financial risk profile characterized by net losses incurred in FY2014 and FY2015 due to high depreciation costs arising from capex undertaken in the past, highly stretched capital structure & consequently weak debt protection metrics. The company's weak capital structure combined with its low profitability has resulted in weak coverage indicators. ICRA has also taken note of vulnerability of profitability to adverse fluctuations in raw material prices as well as stiff competition from organized & unorganized players. ICRA also take note of the company's exposure of cyclicity inherent in the non ferrous metal industry.

The rating, however, continue to favorably factors in the established experience of the promoters in the manufacture of aluminium extrusion products as well as sustained growth in the company's operating income over the period under study supported by increased demand from end-user industries.

About the Company:

REPL was established as a limited company in 2004 by Mr. Vinod M. Jain and Mr. Suresh M. Jain and is engaged in the manufacture of aluminium extrusion products like slidings, ladder sections, heat sinks, round/square/rectangle tubes, miscellaneous sections which find use in construction, automotives, medical, transportation etc. The company has its registered office at Mumbra, Panvel and manufacturing facility at Murbad, Kalyan.

Recent Results:

As per its audited financials for FY2015, REPL recorded a net loss of Rs. -0.01 crore on an operating income of Rs. 38.25 crore and for FY2014 the company recorded a net loss of Rs. -0.23 crore, on an operating income of Rs. 32.69 crore.

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