

Altech Infrastructure (India) Pvt. Ltd.

Instrument	Amount	Rating action
State Bank of Bikaner & Jaipur	In Rs. Crore	As on October 2016
Fund Based Limits- Long Term	7.37	[ICRA]B+; reaffirmed
Unallocated Limits- Long Term	0.23	[ICRA]B+; reaffirmed
Non Fund Based Limits- Short Term	3.40	[ICRA]A4; reaffirmed
Total	11.00	

ICRA has reaffirmed its long-term rating on the Rs. 7.37 crore¹ fund based bank facilities and Rs. 0.23 crore unallocated limits of Altech Infrastructure (India) Pvt. Ltd. (AIPL)² at [ICRA]B+ (pronounced ICRA B plus). ICRA has also reaffirmed its short-term rating of [ICRA]A4 (pronounced ICRA A four) on the Rs. 3.40 crore non fund based bank facilities of AIPL. ICRA had suspended the ratings of AIPL in July 2016; however, it has now revoked its suspension.

The reaffirmation of the ratings is constrained by company's stretched liquidity as reflected by full utilization of its working capital limits as well as its elongated working capital cycle on account of long manufacturing cycle and high receivables. The high levels of debt which have led to high interest cost coupled with low accruals have led to weak coverage indicators. The ratings also take into account AIPL's modest scale of operations, fluctuating trends in the revenue growth in the past few years on account of slow inflow of new orders and competition from other players in the industry. ICRA also notes AIPL's vulnerability of profitability to any unfavorable fluctuations in prices of key raw materials given the long term and fixed price nature of the contracts which is reflected by continuous fluctuating trend in its operating profitability margins. In addition, ratings also note the current order book position of the company which leads to short term visibility of revenues. However, the ratings draws comfort from long experience of the promoters in fabrication business, established customer base comprising reputed companies which reduces the counterparty credit risk and healthy outstanding order book of the company which provides revenue visibility for the near term. ICRA also positively factors in the strong linkages of the promoters to Consilium Group and SFS Fire & Security Services Pvt. Ltd.

Going forward, the ability of the firm to secure fresh orders, maintain adequate margins and managing its liquidity will remain the key rating sensitivities.

Firm Profile

AIPL was incorporated in the year 2006 and is engaged in the manufacturing of Deaerators, Pressure Vessels, Heat Exchangers, Condensers, Evaporators and other stainless steel tanks which find application in many industries like, Chemical, Fertilizer, Breweries, Petro Chem., Paper, Plywood, Power, and others. The company has its manufacturing facility in Bhiwadi, Rajasthan. The promoters of the company are well experienced in the line of business and have other group companies along same line of business.

Recent Results

AIPL on a provisional basis, reported a net profit of Rs. 0.34 crore on an operating income of Rs. 26.23 crore for FY2016, as compared to a net profit of Rs. 0.21 crore on an operating income of Rs. 23.00 crore for the previous year.

October 2016

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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