

## Mahagouri Aluminium Private Limited

January 15, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	7.77	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	1.10	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>8.87</b> <b>(Rs. Eight Crore and Eighty- Seven Lakhs Only)</b>		

*Details of facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Mahagouri Aluminium Private Limited (MAPL)** to monitor the rating vide e-mail communications/letters dated July 10, 2020, October 09, 2020, November 04, 2020, November 26, 2020, December 17, 2020, January 11, 2021 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, **Mahagouri Aluminium Private Limited** has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on MAPL's bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING** and **CARE A4; ISSUER NOT COOPERATING\***. Further, due diligence could not be conducted.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

The rating has been revised on account of non-availability of requisite information due to non-cooperation by MAPL with CARE's efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

#### Detailed description of the key rating drivers

At the time of last rating in December 17, 2019 the following were the rating strengths and weaknesses

##### Key Rating Weaknesses:

**Project risk:** Currently, the company is setting up of a manufacturing unit of aluminium extruded items in Soro, Balasore, Odisha with an installed capacity of 3000 metric tons per annum (MTPA). The aggregate cost of the project is estimated to be Rs.12.51 crore which will be funded through term loan of Rs.6.19 crore and balance through promoter contribution of Rs.6.32 crore. The company has applied for term loan and cash credit limit to bank; however the financial closure for the same is yet to be tied-up. Therefore the project funding risk is yet to be taken care off. However, till November 18, 2019, the company has already spent Rs.2.27 crore in the aforesaid project funded through promoters contribution. Considering the nascent stage of project implementation; the project implementation risk is also exists. The project is expected to be operational by April 2020. Going forward, the ability of the company to fund its project, complete the on-going project and thereafter derive benefit out of it as envisaged will remain crucial for the company.

**Exposure to volatility in the prices of raw materials:** The prices of raw materials, especially metals like aluminium ingots required for the manufacturing of aluminium extruded items, are volatile in nature. Any adverse movement in the raw material prices would adversely affect the profitability of the company.

**Highly fragmented and competitive nature of the industry:** Manufacturing of aluminium items is primarily dominated by large and established players and characterized by high fragmentation and competition due to the presence of numerous players in India owing to relatively low entry barriers. High competitive pressure limits the pricing flexibility of the industry participants which induces pressure on profitability.

##### Key Rating Strengths

**Experienced promoters:** The key promoter, Mr. Pravin Kumar Patel has more than two decades of experience in manufacturing of aluminium cables. He will look after the overall management of the company supported by Mrs. Asha Patel.

**High growth prospects of the industry:** Real estate & construction sector in India has emerged as the largest end user sectors for aluminium extruded items. The government's thrust on real estate & construction sector & strong investment sentiment in India will be a strong demand driver of aluminium in India.

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch'](#)

[Rating Methodology - Manufacturing Companies](#)

[Criteria for Short Term Instruments](#)

[Financial ratios – Non-Financial Sector](#)

[CARE's Policy on Default Recognition](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

#### About the Entity

Incorporated in June 28, 2018, Mahagouri Aluminium Private Limited (MAPL) was promoted by the Patel family of Odisha to set up a manufacturing unit of aluminium extruded items. Currently, the company is setting up of a manufacturing unit of aluminium extruded items in Soro, Balasore, Odisha with an installed capacity of 3000 metric tons per annum (MTPA). The aggregate cost of the project is estimated to be Rs.12.51 crore which will be funded through term loan of Rs.6.19 crore and balance through promoter contribution of Rs.6.32 crore.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

#### Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan (Proposed)	-	-	-	6.19	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	1.58	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	1.10	CARE A4; ISSUER NOT COOPERATING*

#### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	6.19	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (17-Dec-19)	-	-
2.	Fund-based - LT-Cash Credit	LT	1.58	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (17-Dec-19)	-	-
3.	Non-fund-based - ST-Bank Guarantees	ST	1.10	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (17-Dec-19)	-	-

\* Issuer Not Cooperating; based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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#### **About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**