



# Infomerics Valuation And Rating Pvt. Ltd.

Press Release

## Anvil Electricals Private Limited

August 29, 2018

### Rating

Instrument / Facility	Amount (Rs. Crore)	Rating	Rating Action
Long Term Bank Facility – Term Loan	2.08	IVR BBB- /Stable (IVR Triple B minus with Stable Outlook)	Assigned
Long Term Bank Facility – Cash Credit	22.92 (including proposed limit of Rs. 13.92 Cr)	IVR BBB- /Stable (IVR Triple B minus with Stable Outlook)	Assigned
Long Term Bank Facility – Bank Guarantee	4.00	IVR BBB- /Stable (IVR Triple B minus with Stable Outlook)	Assigned
Short Term Bank Facilities – Letter of Credit	4.00	IVR A3 (IVR A Three)	Assigned
<b>Total</b>	<b>33.00</b>		

**Details of Facilities are in Annexure 1**

### Detailed Rationale

The aforesaid rating derives comfort from its experienced promoters, long track record in the conductor industry, synergies derived from the Group companies and locational advantages. However, the rating is constrained by price volatility risk, marketing risks and highly competitive and cyclical nature of the industry in which the company operates. Stabilisation of operation, profitability, capital structure and working capital management are the key rating sensitivities.

### List of Key Rating Drivers

- Experienced promoters and long track record
- Locational advantage
- Synergies with Anvil Cables Private Limited
- Favourable outlook of cable/conductors and wires in India
- Price volatility risk
- Intense competition and cyclical nature of the industry
- Marketing risks

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### **Detailed Description of Key Rating Drivers**

#### **Key Rating Strengths**

##### **Experienced promoters and long track record**

Anvil Electricals Pvt Limited is a part of the Anvil Group promoted by Mr. Tushar Dalmia and Mrs. Renu Dalmia having more than ten years of experience in the manufacturing of conductors and have been instrumental in setting up the manufacturing facility at Jamshedpur. They are actively involved in the day-to-day operations of the company. The promoter directors are well supported by a team of experienced professionals.

However, the company has a short track record in manufacturing conductors.

##### **Locational advantage**

The plant is located at Large Sector, Adityapur Industrial Estate, Jamshedpur, Jharkhand, which is centrally located in the industrial belt of Jharkhand. The site area is well developed and has all necessary infrastructure facilities. The principal raw materials - aluminium wire rod and aluminium ingot/scrap are readily available in the vicinity of Kolkata/Durgapur in the state of West Bengal or Bokaro Steel City /Jamshedpur in the state of Jharkhand. Further, being close to the neighbouring states of West Bengal, Chhattisgarh, Bihar & Orissa, there will be easy access to larger market.

##### **Synergies with Anvil Cables Private Limited**

Anvil Cables Private Limited and Anvil Electricals Private Limited have common promoters who oversee the operations of both the companies. The synergies are obtained from same line of business and the ability of the promoter to allocate common resources as per pressing needs among the two companies.

##### **Favourable outlook of cables/conductors and wires in India**

The outlook for cable/conductors is favourable on account of continuous increase in government's focus to increase power generation capacity in the country along with reduction in Transmission and Distribution (T&D) losses and thrust on rural electrification.

#### **Key Rating Weaknesses**

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### **Price Volatility Risk**

The price of wire rods and aluminium ingot / scrap, the key raw materials of the company, are highly volatile in nature impacting the margin. However, the risk is mitigated to an extent due to largely back to back order policy of the company.

### **Intense competition and cyclical nature of the industry**

The industry is characterized by high fragmentation mainly due to presence of a large number of organised and unorganized players. The electrical goods industry where the company operates is cyclical in nature. Its growth is intertwined with the growth of the economy at large.

### **Marketing risks**

The company commenced operations from May, 2018. Accordingly, it is in its nascent stage of operations with no demonstrated track record and is yet to stabilise. Further, the electrical goods industry is highly competitive with the presence of a number of organized and unorganized players.

### **Analytical Approach & Applicable Criteria:**

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

### **About the Company**

Anvil Group laid its foundation one decade back as a manufacturer of conductors used in the power sector. Anvil Cables Private Limited, Flagship Company of the group, was formed in 2002 with an idea to commence manufacturing of aluminium cables. The company is registered in the state of West Bengal and having its Works at Jamshedpur, Jharkhand. The operations of the company are conducted under overall supervision, control and guidance of Mr. Tushar Dalmia & Mrs. Renu Dalmia, the promoter directors. Anvil manufactures the complete range of overhead conductors with an installed capacity of 18000 MT per annum. Driven by the growing demand, Anvil group has decided to increase the overall installed capacity and hence, started implementing the proposed project of manufacturing of overhead conductors with a stated capacity of 9000 MTPA under the name of M/s Anvil Electricals Private Limited

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(AEPL) in 3.5 acres of land acquired on 30 years long term lease at Adityapur Industrial Estate, Jamshedpur, Jharkhand. The total cost of the project was estimated at Rs.9.50 crore which was funded at a debt equity ratio of 0.28:1. The project is completed and production has commenced from May 2018.

**Financials:** Not applicable since the company started commercial operations in May 2018.

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

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Fund Based Limits - Term Loan	Long Term	2.08	IVR BBB- / Stable Outlook	-	-	-
2.	Long Term Fund Based Limits - Cash Credit	Long Term	22.92 (including proposed limit of Rs. 13.92 Cr)	IVR BBB- / Stable Outlook	-	-	-
3.	Long Term Non Fund Based Limits - Bank Guarantee	Short Term	4.00	IVR BBB- / Stable Outlook	-	-	-
4.	Short Term Non Fund Based Limits – Letter of Credit	Short Term	4.00	IVR A3	-	-	-

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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## Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities - Term Loan	-	-	March, 2024	2.08	IVR BBB- /Stable Outlook
Long Term Bank Facilities - Cash Credit	-	-	-	22.92 (including proposed limit of Rs. 13.92 Cr)	IVR BBB- /Stable Outlook
Long Term Bank Facilities – Bank Guarantee	-	-	-	4.00	IVR BBB- /Stable Outlook
Short Term Bank Facilities – Letter of Credit	-	-	-	4.00	IVR A3