

October 4, 2010

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
ARL INFRATECH LTD.**

**Ratings**

Facilities	Amount (Rs. Crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	26.01	<b>'CARE BBB+' (Triple B Plus)</b>	Revised from 'CARE BBB' (Triple B)
Short-term Bank Facilities	3.00	<b>'PR2' (PR Two)</b>	Revised from 'PR3+' (PR Three Plus)
<b>Total Facilities</b>	<b>29.01</b>		

**Rating Rationale**

The ratings have been revised on account of significant improvement in ARL Infratech Ltd's (Ankit's) financial risk profile in FY10 marked by improved profitability, liquidity and gearing level.

The ratings continue to take into account Ankit's experienced management with an established track record in the Asbestos Cement (AC) pipe and sheet industry in Rajasthan and strong brand backed by well-organized agent/distribution network.

However, the ratings are constrained by exchange rate fluctuation risk on imported asbestos fibre, vulnerability of its margins to fluctuations in prices of key raw materials – asbestos and cement – in a highly competitive industry, regulatory risks associated with the use and availability of asbestos, its low networth and small size of operations.

The sustainability of its profit margins and gearing levels besides continued availability of asbestos fibre, improvement in performance of its Glass Reinforced Plastic (GRP) pipe division and probable impact of discontinuation of sales tax exemption on AC sheets would remain the key rating sensitivities.

**Company Profile**

Incorporated in 1996, Jaipur-based ARL Infratech Ltd. (Ankit) is into manufacturing of Asbestos Cement (AC) pipes and sheets and Glass Reinforced Plastic (GRP) Pipes. During July 2010, the name of the company was changed from 'Ankit Roofings Ltd' to 'ARL Infratech Ltd'. As on March 31, 2010 it had a total installed capacity of 30,000 MTPA of AC pipes, 75,000 MTPA of AC sheets and 1,440 MTPA of GRP Pipes.

<sup>1</sup> complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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As against a PAT of Rs.4.84 crore on a total income of Rs.76.80 crore in FY09, Ankit earned a PAT of Rs.8.34 crore on a total income of Rs.98.96 crore in FY10.

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