

## Rating Rationale

### Brickwork Ratings assigns 'BWR D' for Bank Loan Facilities aggregating ₹416.30 Cr of AMW Auto Component Limited (AACL)

Brickwork Ratings has assigned the following **Rating<sup>1</sup>** for Bank Loan facilities of AMW Auto Component Limited (AACL or "the Company").

| Facility     | Limits<br>(₹ In Cr) | Tenure   | Rating       |
|--------------|---------------------|--|--------------|
| Term Loan    | <b>242.21</b>       | <b>Long Term</b>   | <b>BWR D</b> |
| WCTL         | <b>39.17</b>        |  |              |
| FITL         | <b>39.92</b>        |  |              |
| CC           | <b>40.00</b>        |  |              |
| LC /BG       | <b>55.00</b>        | <b>Short Term</b>  |              |
| <b>Total</b> | <b>416.30</b>       | <b>(INR Four Hundred Sixteen Crores &amp; Thirty Lakhs only)</b> |              |

BWR has principally relied upon the audited financial results up to FY14, financial projections, publicly available information and information/clarification provided by the Company.

The ratings assigned to the bank facilities of AMW Auto Component Limited factor the ongoing delays in the servicing of the debt obligations due to the stressed liquidity position.

### Company Background

AMW Auto Component Limited (AACL) was incorporated in 2009 with its registered office in Bhuj, Gujarat. AACL is promoted by Asia Motor Works Holdings Ltd and consists of the auto components division of Asia Motor Works Limited. Asia Motor Works Limited which was the flagship company of the AMW Group promoted by Mr. Anirudh Bhuwalka was demerged into three entities wherein the auto components business was transferred to AACL. AACL is involved in manufacturing of Steel Wheel Rims for the Car, CV and Agriculture Industry, Automobile Body Panels, Compressor Shells for White Goods, Crash Barriers and Cable Trays for the Construction Industry. Wheel Rims is the main product of the company and constitutes majority portion of the revenues of the company. Clientele includes OEMs such as Volkswagen, General Motors and Iveco, (Fiat Group) for Exports to Brazil & Europe etc. Domestic clients include Maruti Suzuki, Tata Motors, Mahindra & Mahindra, Ashok Leyland, General Motors India, TAFE etc.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The Company has been under financial stress on account of sluggish demand in the Domestic as well as Global Auto Industry and its inability to scale up operations on account of the same. Accordingly the capacity utilization levels of the company have been drastically low leading to financial stress. Accordingly the Company had approached the Corporate Debt Restructuring (CDR) Cell and the CDR package was approved with cut-off date as May 2013. The Company is taking several steps to turn around including conversion of domestic debt into Dollar denominated Debts and tie-ups with existing OEM's for different models and geographies.

### Ownership & Management

AACL is promoted by Mr. Mr. Anirudh Bhuwalka through the holding company Asia Motor Works Holdings Ltd. The Board of Directors consists of 8 directors including 3 Independent Directors and 1 Nominee Director from IDBI Bank. The Directors are supported by qualified & professional management who looks after regular operations.

### Financial Performance

For FY14, AACL has posted operating income of ₹180.97 Cr against ₹195.21 Cr in FY13. The Company posted EBITDA of ₹12.86 Cr with a margin of 7.10% in FY14 against ₹4.23 Cr and 2.16% respectively. AACL also posted PAT of ₹0.13 Cr in FY14 against loss of ₹11.40 Cr in FY13. The tangible networth of the company improved to ₹152.19 Crs in FY14 against ₹139.88 Crs in FY13 on account of infusion of capital. The company's total debt stood at ₹542.67 Cr for FY14 against ₹515.54 Cr in FY13. Accordingly the gearing of the company which is defined as total debt upon tangible networth was stood at 3.57x in FY14 against 3.69x in FY13.

### Outlook:

The ability of the Company to establish a clear track record of timely servicing of debt obligations with improvement in the liquidity position, are key rating sensitivities.

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