

Rating Rationale

Brickwork Ratings reaffirms ‘BWR BB+’ for Bank Loan Facilities aggregating to ₹ 7.71 Cr of Aman Metal Finishers.

Brickwork Ratings¹ (BWR) reaffirms the rating for the enhanced Bank Loan Facilities of ₹ 7.71 Cr of Aman Metal Finishers (AMF or the Firm).

Facility*	Limits (₹ Cr)		Tenure	Rating	
	Previous	Present		History (December 2013)	Present
Cash Credit	4.25	4.25	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook: Stable)	<u>Reaffirmed</u> BWR BB+ (Pronounced BWR Double B Plus) (Outlook: Stable)
Adhoc CC Limit	0.85	0.85			
Term Loans	2.75	2.61			
Total	7.85	7.71	INR Seven Crores and Seventy one Lakhs only		

*Availed from Punjab National Bank

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

The rating reaffirmation, inter alia, factors the relevant industry experience of promoter, increased revenues during FY14 and 10MFY15 (as per provisional), increased profitability margins and infusion of capital during FY14. The rating continues to factor the long relationship with major Tier I Auto Ancillaries and inherent strength derived from group companies operating in similar line of business and positive outlook of the auto industry.

However, the rating is constrained by the firm being a proprietorship which limits growth and being customer & Industry concentric limited to three major Two Wheelers Auto Components manufacturing customers contributing to firm’s ~90 percent of sales.

Background:

Aman Metal Finishers (AMF), a proprietary concern, was started in the year 2006, as an auto ancillary unit located in Haridwar vendor’s park SIDCUL Industrial Estate.

AMF is involved in electroplating (Hard Chrome Plating, Zinc Plating, Phosphating), coating, painting of auto parts, majorly two wheeler auto parts. The firm’s three major clients namely Emkay Automobile Industries Ltd (contributing ~ 70 percent of firm’s sales) Bajaj Auto Ltd (~6 percent of sales) and Munjal Showa Ltd(~13 percent of sales) for FY14.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The firm has associate concerns doing similar business namely Komal Hardchromer Plates Pvt Ltd Haryana, Komal Metal Finishers Haridwar, Komal Coating Pvt Ltd Rewari, Haryana.

Financial Performance:

Net Revenue from operations increased from ₹23.73 Crores in FY12 to ₹ 32.55 Crores in FY13 and further to ₹38.53 Crores in FY14. Firm has reported profitability with operating profit margin of 11.39 per cent and net profit margin of 5.22 per cent for FY14.

The capital in the firm as at 31st March 2014 stood at ₹14.22 Crs against the total debt of ₹14.22 Crs (including loans from financial institutions for Rs 4.58 Crs) translating into higher gearing level of 3.13 times in FY14 against 2.62 times in FY13.

AMF has achieved estimated sales for ₹35.00 Cr approx. during 10MFY15 as per provisional.

Rating Outlook:

The rating reflects the position of the firm in the manufacturing segment of the Auto components industry it caters to. Going forward, ability of the firm to higher revenues, increase customer base, sustaining growth and profitability margins withstanding competition and cyclical turns of two wheeler automobile industries will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.