

## Rating Rationale

### Brickwork Ratings Reaffirms 'BWR BB+' for the Bank Loan Facilities aggregating ₹ 7.85 Cr of Aman Metal Finishers

Brickwork Ratings (BWR) reaffirms the following **Rating<sup>1</sup>** for the enhanced Bank Loan Facilities of ₹ 7.85 Cr for Aman Metal Finishers (*AMF or the Firm*).

Facility	Limits (₹ Cr)		Tenure	Rating
	Previous	Present		
<b>Cash Credit</b> (Fund Based)	<b>3.85</b>	<b>4.25</b>	<b>Long Term</b>	<b>BWR BB+</b> (BWR Double B Plus)  <b>Outlook: Stable</b>
<b>Adhoc CC limit</b>	-	<b>0.85</b>		
<b>Term Loan</b> (Fund Based)	<b>1.38</b>	<b>2.75</b>		
<b>Total</b>	<b>5.23</b>	<b>7.85</b>		
<b>(INR Seven Crores and Eighty Five Lakhs only)</b>				

BWR has principally relied upon the audited financial results up to FY13, Projections for FY14, publicly available information and information/clarification provided by the firm.

The rating, inter alia, factors the relevant industry experience of promoter, long relationship with major Tier I Auto Ancillaries, sustained net margins ranging from 4 to 5 percent and strong debt protection measures.

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:

AMF, a Proprietary concern, was started in the year 2006, 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 (~10 percent of sales) and Munjal Showa Ltd (~9 percent of sales) for FY13.

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.

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

The firm's business is totally dependent on two wheeler auto segment which is facing slowdown in demand.

**Financial Performance:**

The Net Revenue from operations increased from ₹ 23.73 Cr FY12 to ₹ 32.55 Cr in FY13. Firm has reported profitability with operating profit margin of 8.83 per cent and net profit margin of 4.25 per cent for FY13. The firm has debt equity of 2.62 times in FY13. The tangible net-worth stood at ₹ 3.16 Cr for FY13.

**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 achieve projected turnover, increase customer base, sustaining growth withstanding competition and cyclical turns of two wheeler automobile industries will be the key rating sensitivities.

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