

## Rating Rationale

**Brickwork Ratings on a surveillance upgrade the ratings on enhanced bank loan facilities to “BWR BBB- / BWR A3” from “BWR BB/ BWR A4+” aggregating to ₹ 90.54 Cr of Amod Stampings Pvt Ltd.**

Brickwork Ratings on surveillance upgraded the following **Rating<sup>1</sup>** for long term bank loan facilities and short term bank loan facility aggregating to ₹ 90.54 Crores of Amod Stampings Pvt Ltd.

Facilities	Previous Limits In (₹Cr)	Present Limits (₹Cr)	Tenure	Rating History	Review rating
Fund Based			Long Term	BWR BB (Pronounced BWR Double B) Outlook – Stable (Oct 15)	<b>BWR BBB- (Pronounced BWR Triple B Minus) Outlook - Stable Upgraded</b>
Cash Credit	25.00	<b>42.50</b>			
Term Loan	0.69	<b>10.30</b>			
Non Fund Based			Short Term	BWR A4 (Pronounced BWR A Four)	<b>BWR A3 (Pronounced BWR A Three) Upgraded</b>
Letter of Credit	37.00	<b>37.00</b>			
Credit Exposure Limit	-	<b>0.74</b>			
<b>Total</b>	62.69	<b>90.54</b>	<b>INR Ninety Crores Fifty Four Lakhs only</b>		

BWR has principally relied upon the audited financial results up to FY16, projected financials, publicly available information and information/clarification provided by the Company’s management.

The rating revision is primarily on account of improvement in financial profile marked by healthy growth in turnover, improvement in profitability and healthy order book position. The ratings continue to factor, inter alia, promoters experience in the industry, long and established track record of operation and favorable outlook of power sector demand in the long term. However the rating continues to be constrained by moderate financial risk profile marked by moderate tangible net worth, gearing level & debt service coverage ratios and it is also susceptible to competition from players in the industry.

### Background

Amod Stampings Pvt Ltd was established as a partnership firm in the year 1978 by Mr. Naraharibhai S. Patel & his son Mr. Surendrabhai N. Patel at Amod village, Bharuch, Gujarat. In 1995, it was reconstituted as Private Limited company having its registered office at Gujarat Spun Pipe Compound, Padra Road, Baroda. The Company is engaged in the business of manufacturing “cores for transformers” used in the Power Industry.

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

The Company imports Cold Rolled Grain Oriented steel and cuts them to design dimensions. The sheets are then stacked one over the other to form the base for a transformer core which are then supplied to customers in India. Products manufactured by the company are Toroidal Core and Lamination cores in conventional grades viz M3, M4, M5 and also HI-B grades viz. MOH, ZDKH, ZDMH.

### Financial Performance:

The financial performance of the company is characterized by increasing revenue and declining profitability margins. Total operating income has registered a significant year-over-year growth of 54% to Rs. 204 Crores in FY16 from Rs. 131 Crores in FY15 mainly on account of increased in scale of operation and tapping other geographic areas. Operating profit has increased in absolute terms to ₹ 15.30 Crores in FY16 against ₹ 12.09 Crores in FY15, however the operating profit margin declined to 8.43% in FY16 as compared to 10.18% in FY15.

The total outstanding debt of the company (including working capital facilities) increased to Rs. 51.32 crores as on 31st March 2016 from Rs.37.59 crores as on 31st March 2015. The Interest Coverage Ratio in FY16 was at 1.57x and DSCR at 1.51x. The current ratio was comfortable at 1.67x in FY16 compared to 1.96x in FY15.

### Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to, achieve the projected turnover, strengthen its capital structure, improve the liquidity and manage working capital efficiently will remain key rating sensitivities.

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