

Rating Rationale

Amul Industries Pvt Ltd

31 Oct 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Amul Industries Pvt Ltd. ('AIPL' or 'The Company')

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based	41.40	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) (Outlook: Stable)
Total	41.40	Rupees Forty One Crores and Forty Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings.
Complete details of Bank facilities are provided in Annexure-I

Rationale/Rating sensitivities:

BWR has essentially relied upon the company's audited financial results of FY15 to FY18, financial projections of FY19 & FY20, publicly available information and clarifications/information provided by the management.

The rating draws strength from the extensive experience of promoters, increasing the scale of operations with a healthy order book position. The ratings are, however, constrained by the high gearing, thin profit margins and stressed DSCR. The rating also takes into account the revenue concentration & high dependence on the OEMs for business. The company's growth depends on the overall performance of the automobile companies and OEMs to a large extent.

The ability of the company to achieve the projections, improve the profitability and leveraging, maintain its working capital efficiently and to improve its overall financial risk profile shall be the key rating sensitivity.

Key Rating Drivers:

Credit Strengths:

- Extensive experience of promoters with an established track record in the business.
- TOI increased by ~17% in FY18 on YOY basis.
- Healthy order book position.

Credit risks:

- The gearing is on the higher side with Total Debt/TNW at 1.98 times in FY18; However the same has been improved against FY17.
- DSCR is stressed in FY18.
- The profit margins are thin.
- Revenue concentration & high dependence on the OEMs for business.
- The company's growth depends on the overall performance of the automobile companies and OEMs to a large extent.
- Intensely fragmented and competitive industry, exposure to cyclicity.

Analytical Approach:

While assigning the Ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Amul Industries Pvt Ltd**'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company:

Amul Industries Private Limited (AIPL) was incorporated in 1995 as a private limited company. The company's registered office is located at GIDC, Rajkot, Gujarat. AIPL is the flagship company of Amul group of Rajkot, Gujarat. It is engaged in manufacturing of auto components, mainly connecting rods, crankshaft and camshaft, which are among the five building blocks of an engine. It caters to the requirements of many leading OEMs as well as exports to countries such as Italy and Germany.

Company Financial Performance:

The company has recorded a TOI of Rs. 246.79 Crs in FY18 against a TOI of Rs. 211.43 Crs in FY17. EBITDA and PAT stood at Rs. 22.53 Crs and Rs. 1.65 Crs respectively in FY18 against Rs. 11.28 Crs and Rs. 1.65 Crs respectively in FY17.

Rating History for the last three years:

Sl. No.	Instrument/Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	41.40	BWR BB+ (Pronounced as BWR double B Plus) (Outlook: Stable)	--	--	--
Total: Rs. 41.40 Crs (Rupees Forty One Crores and Forty Lakhs Only)							

Status of non-cooperation with Previous CRA: NA

Any other information: NA

Key Financial Indicators

Key Financial Figures			
Particulars	Unit	FY17 (Audited)	FY18 (Audited)
Operating Income	Rs. Crores	211.43	246.79
EBITDA	Rs. Crores	11.28	22.53
PAT	Rs. Crores	1.65	1.65
TNW	Rs. Crores	41.39	43.17
Total Debt	Rs. Crores	95.32	85.51
Total Debt : Equity	Times	2.30	1.98
Current Ratio	Times	0.93	1.06

Amul Industries Pvt Ltd

Annexure - I

Bank Facilities

Facilities	Tenure	Amount (₹ Crores)
Cash Credit	Long Term	35.00
WCTL	Long Term	6.40*
Total		41.40

*O/S as on 17.10.2018

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading Public Sector Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.



BWR has rated over 30 PSUs/Public Sector Banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities.

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.