



Rating Rationale

Friends Auto (India) Limited

01 Aug 2019

Brickwork Ratings downgrades ratings for the Bank Loan Facilities of Friends Auto (India) Limited ('FAL' or 'the Company').

Particulars:

Facilities Availed	Previous Amount (Rs. Crs)	Present Amount (Rs. Crs)	Tenure	Previous Rating (May 2019)	Rating Assigned [^]
Fund Based					
OD	45.00	45.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook:Stable	BWR D (Pronounced as BWR Single D)
Non-Fund Based					
BG	2.00	2.00	Short Term	BWR A4 (Pronounced as BWR Single A Four)	BWR D (Pronounced as BWR Single D)
TOTAL	47.00	47.00	Rs.Forty Seven Crores Only.		

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings: Downgraded to BWR D

The review of the ratings of the company was undertaken in May 2019 wherein BWR BB/A4 with a stable outlook was restored after it was downgraded to BWR D on 10 Jan 19, as the accounts were in SMA category at that time. For other details, please refer to our rating rationale dated 03 May 2019. The same can be accessed from the undernoted link :

[https://www.brickworkratings.com/Admin/PressRelease/Friends-Auto-BL-3May2019%20%20\(1\).pdf](https://www.brickworkratings.com/Admin/PressRelease/Friends-Auto-BL-3May2019%20%20(1).pdf)



BWR has been seeking NDS from Friends Auto India Pvt Ltd for the months of May and June 2019, as the last NDS received was for April 2019, vide email communications dated 06 June 2019 and 02 July 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided NDS for monitoring the conduct of accounts. Owing to non-receipt of NDS, confirmation was sought from the lenders about the conduct of the company's accounts.

The revision in the rating, is based on account of delays in the servicing of bank loan accounts owing to the delays in receipt of payments from the company's customers.

Going forward, the ability of the company to improve the revenues and consequently its debt servicing capabilities would be the key rating sensitivities.

About the Company:

Friends Auto (India) Limited is an unlisted public limited company incorporated in 1997, based in Faridabad, Haryana, with its registered office in Badarpur, New Delhi. The company is engaged in the manufacturing of leaf springs and assemblies for commercial vehicles and tractors. The products manufactured are ISO 9001:2000 and ISO/TS 16949 certified.

At present Mr. Amarjeet Singh Chawla is the only working director of the Company. Non-working directors include Miss. Shanti Chawla, Mr. Amir Chand Mendiratta, Mrs. Ravinder Kaur Chawla, Mr. Sudhir Mendiratta, Mr. Sanjay Mendiratta, Mrs. Rajinder Kaur, Mr. Inder Singh and Mrs. Gurneet Kaur Chawla.

Company's Financial Performance.

Key Financials				
Result Type	Units	31/Mar/2017	31/Mar/2018	31/Mar/2019
		Audited	Audited	Management Certified Provisional
Total Operating Income	Rs. Crs	242.18	238.27	250.95
OPBDIT	Rs. Crs	10.31	10.85	11.92
PAT	Rs. Crs	0.11	0.29	0.70
Tangible Net Worth	Rs. Crs	20.89	21.18	37.84
TOL/TNW	Times	6.34	7.29	3.67
Current Ratio	Times	1.30	1.23	1.27

Rating History for the last three years (including withdrawn/suspended ratings)

Facilities	Rating Assigned in 2019			Rating History					
	Amount to be Rated (In Crs)	Tenure	Rating Assigned	03 May 2019	10 Jan 2019	29 Nov 2018	28 Aug 2017	26 Oct 2016	01 Dec 2015
Fund Based OD	45.00	Long Term	BWR D (Pronounced as BWR Single D)	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR D (Pronounced as BWR Single D)	Rating Not Reviewed	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR B + Pronounced as BWR Single B Plus) Outlook: Stable
Non-Fund based BG	2.00	Short Term	BWR D (Pronounced as BWR Single D)	BWR A4 (Pronounced as BWR Single A Four)	BWR D (Pronounced as BWR Single D)	Rating Not Reviewed	BWR A4 (Pronounced as BWR Single A Four)	BWR A4 (Pronounced as BWR Single A Four)	BWR A4 (Pronounced as BWR Single A Four)
Total	47.00	Rs. Forty Seven Crores Only							

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)
- [Default Recognition and Default Curing Period](#)

For any other criteria obtain hyperlinks from website



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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, 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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