

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB' for the Bank Loan aggregating ₹ 119.32 Crore of Siddheshwar Industries Pvt. Ltd.

Brickwork Ratings has assigned the following **Rating<sup>1</sup>** for Bank Credit facilities sanctioned/availed amounting to Rs.119.32 Crore by **Siddheshwar Industries Pvt Ltd. (SIPL or the 'Company')**:-

Facility	Limits (In Cr)	Tenure	Rating
Fund Based		Long Term	BWR BB (Pronounced BWR double B) Outlook-Stable
Term Loan	21.46		
Bills Discounting	10.00		
Cash Credit	40.89		
Working Capital Term Loan	28.49		
Corporate Loan	8.98		
Working Capital Facilities	9.50		
<b>Total</b>	<b>119.32 ( INR One Hundred Nineteen Crore and Thirty Two Lacs only)</b>		

BWR has principally relied upon the audited financial results till financial year 2015, projected financial results for FY16 and FY17 and publicly available information and information/clarification provided by the company's management.

The rating has factored, inter alia, longstanding experience of promoters and established track record of more than two decades, strategic location of manufacturing facilities and long term contract with customers, providing revenue visibility. The Rating is however constrained by stressed liquidity and working capital position, high customer concentration risk, and highly competitive nature of auto component industry.

#### Background:

Siddheshwar Industries Pvt Ltd (SIPL) incorporated in year 1994, in manufacturing of small size forged and precision machined components mainly for automotive industry. The company manufactures products such as Gears, Axles, Gear shifter assembly, and crankshafts and Camshafts for Two wheeler, and three wheeler engines; the company has recently started manufacturing of fully finished crank shaft for a four wheeler engine.

SIPL primary caters to automobile sector with contribution to revenues to the tune of ~70%, with equal contribution from Two Wheeler and Three wheeler segment. Balance 30% is contributed by non- auto segment. SIPL's clientele consists of companies like Atlas Copco Ltd, Bajaj Auto, BTPL, Flash Electronics, Greaves Cotton, Faiveley Transport, TLG Auto, Protean Electric.

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

The operations of the company are managed by Takawane family

**Financial Performance:**

The company reported achieved revenues of Rs.263.77 crore in FY 2015 as against revenues of Rs. 256.79crore in FY2014. The company reported a net profit of Rs.1.74 crore for FY 2015 against net profit of Rs.7.14 crore for FY 2014. SIPL’s net worth stood at Rs.26.89crore as on March 31<sup>st</sup> 2015.

**Rating Outlook:**

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to maintain favorable liquidity position by timely infusion of capital, timely servicing of debt, and sustain in a competitive environment would be the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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