



Rating Rationale

Warm Forgings Pvt. Ltd.

August 18, 2017

Brickwork Ratings reaffirms the rating for the Bank Loan Facilities amounting to Rs. 14.00 Crs. of Warm Forgings Pvt. Ltd.

Particulars:

Facility Rated	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous Rating (Aug 2015)	Rating Assigned
Fund Based					
Cash Credit	9.50	9.50	Long Term	BWR B Pronounced BWR Single B (Outlook: Stable)	BWR B Pronounced BWR Single B (Outlook: Stable) [Reaffirmation]
Non Fund Based					
LC	4.00	4.00	Short Term	BWR A4 Pronounced BWR A Four	BWR A4 Pronounced BWR A Four [reaffirmation]
BG (Inland)	0.50	0.50			
Total	14.00	14.00	Rupees Fourteen Crores Only		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of the company up to FY16, provisional financial results for FY17, projected financial statements up to FY19, publicly available information and information/clarifications provided by the company.

The rating has, inter alia, factored in the management experience, moderate network & efficient working capital cycle management. The rating is, however, constrained by declining sales, Weak debt protection metrics and stressed liquidity position.

Going forward the ability of the company to timely recover the receivables leading to better liquidity and ensure timely servicing of debt shall remain key rating sensitivities.

Key Rating Drivers:

Experienced Management: Promoters of the company include Mr. Amit rajput & Mr Anupam Chauhan. Both the promoters are having experience of more than two decades in the industry. With the extensive experience and knowledge, the promoters are well equipped to understand the changing market scenario and run the business in an efficient way.

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Weak debt protection metrics: ISCR and DSCR for the company stood at 1.37 & 1.27 times respectively in FY17 which might be a cause of concern. There is a marginal improvement in the debt protection metrics in FY17 but the conclusion will depend on the audited numbers.

Y-O-Y decline in scale of operations: Turnover for the company is in declining mode where the company has shown decline in operating income continuously for last three years. Operating income for the company has come down from Rs. 114.11 Crs in FY15 to Rs. 93.79 Crs in FY16 and has further declined to Rs. 82.78 in FY17 on provisional basis

Rating Outlook: Stable

BWR believes that Warm Forgings 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 company is able to collect receivables promptly to improve the overall liquidity position. The rating outlook may be revised to 'Negative' if the liquidity position deteriorates any further.

About the Company:

Warm Forgings Private Limited (WFPL) was incorporated by Mr. Amit Rajput and Mrs. Anupam Chauhan in the year 1999. It is a ISO/TS 16949:2009 certified company. Currently all the manufacturing operations are carried out from its plant at Bhiwadi (Rajasthan).

WFPL is involved in design, engineering, forging and casting, machining and assembly and surface treatment of components. It has facilities for prototyping, in-house tool manufacturing, hot and cold forging, testing, machining assembly and surface treatment, designing.

Company's Financial Performance:

WFPL reported operating income of Rs. 93.79 Crs. with a net profit of Rs. 0.63 Crs. in FY16 against an operating income of Rs. 114.11 Crs. with a net profit of Rs. 0.78 Crs in FY15.

On a provisional basis, WFPL registered operating income of Rs. 82.78 Crs for FY17.

Key Financial Figures			
Particulars	Unit	FY15	FY16
Operating Income	Rs. Crores	114.11	93.79
EBITDA	Rs. Crores	8.79	8.01
PAT	Rs. Crores	0.78	0.63
Tangible Networkth	Rs. Crores	26.61	27.24
Total Debt : Equity	Times	2.46	2.48
Current Ratio	Times	0.86	1.02



Rating History for the last three years:

Sl. No.	Facility	Current Rating (August 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016 Aug	2015	2014
Fund Based							
1	Cash Credit	Long Term	9.50	BWR B	BWR B	NA	NA
Non Fund Based							
2	LC	Short Term	4.00	BWR A4	BWR A4	NA	NA
3	BG		0.50	BWR A4	BWR A4	NA	NA

Status of Non-Cooperation with previous CRA - NA

Hyperlink/Reference to Applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [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 Nationalized 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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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