

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4+' for Bank Loan Facilities aggregating ₹ 17.55 Cr of Aerospace Materials Private Limited

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of Aerospace Materials Private Limited (AMPL).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based: Term Loan I Term Loan II Cash Credit	3.42 5.13 1.00	Long Term	BWR BB + (BWR Double B Plus) (Outlook: Stable)
Non Fund Based: Bank Guarantee	8.00	Short Term	BWR A4 + (BWR A Four Plus)
Total	17.55	(INR Seventeen Crores & Fifty Five Lakhs only)	

BWR has essentially relied upon the audited financial results up to FY13, projected financials up to FY 15 of AMPL, publicly available information and the information/clarifications provided by the company.

The rating factors, inter alia, low debt equity ratio, technical and design capabilities of the company, promoter's experience in the aerospace industry and their association with the established and reputed clientele. The rating is, however, constrained by the customer concentration risk, high inventory holding days, decreasing and small scale of operations.

Background:

Incorporated in 1988, Aerospace Materials Private Limited (AMPL), Coimbatore, is engaged in manufacturing of heat shield material for Rocket Nozzles. The company has three units located at Tamil Nadu. AMPL is a family run business, which is managed by Mr. A. M. Palanisamy, Mr. N. Ramasamy, Mr. M. Thangaraj and Mr. Arulsenthil Kumar who possess over two decades of experience in the industry. The company has added reputed clients like Vikram Sarabha Space Centre, Defence Research & Development Laboratory, Resins & Allied Products, RR Industries and Larsen & Turbo Limited to its portfolio. For the financial year 2014 the firm has estimated a turnover of Rs.47.50 Cr and has billed orders amounting to Rs.18 Cr till September 2013.

Financial Performance:

Net Revenue from Operations decreased from Rs.21.17 Cr in FY 12 to Rs.18.52 Cr in FY 13. The firm's PAT decreased from Rs.4.45 Cr in FY12 to Rs.3.85 Cr in FY13. For FY13, the

¹ Please refer to www.brickworkratings.com for definition of the Ratings

company's Net worth stood at Rs.13.99 Cr. Debt Equity Ratio in FY 13 was 0.34 times as against 0.05 times in FY 12. Current Ratio was at 1.48 times in FY 12 as against 1.66 times in FY 12. The Company has inventory days of 203 days in FY 13 as compared to 160 days in FY 12.

Rating Outlook:

The outlook of the company is expected to be stable for the current year. Going forward, the ability of the company to improve its profitability margins and further addition of new clients with strong marketing network, ability to manage inventory levels and improvement in working capital management will be the key rating sensitivities.

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