

Rating Report

Brickwork Ratings reaffirms 'BWR BB+' for Bank Loan Facilities aggregating to ₹7.85 Cr of Aman Metal Finishers

Brickwork Ratings (BWR) reaffirms the **Ratings**¹ of 'BWR BB+' with a stable outlook for the enhanced Bank Loan Facilities of ₹ 7.85 Crores of Aman Metal Finishers (AMF or the Firm).

Facility	Limits (₹ Cr)		Tenure	Rating
	Previous	Present		
Cash Credit (Fund Based)	3.85	4.25	Long Term	BWR BB+ (Re-affirmed) (BWR Double B Plus) Outlook: Stable
Adhoc CC limit	-	0.85		
Term Loan (Fund Based)	1.38	2.75		
Total		7.85	(INR Seven Crores & Eighty Five Lakhs only)	

BWR has principally relied upon the audited financial results up to FY13, Projections for FY14, publicly available information and information/clarification provided by the firm.

The rating, inter alia, factors the relevant industry experience of promoter, long relationship with major Tier I Auto Ancillaries, sustained net margins ranging from 4 to 5 percent and strong debt protection measures.

However, the rating is constrained by the firm being a proprietorship which limits growth and being customer & Industry concentric limited to three major Two Wheelers Auto Components manufacturing customers contributing to firm's ~90 percent of sales.

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

Credit Risk Assessment

Business Overview:

AMF, a Proprietary concern, was started in the year 2006, an auto ancillary unit located in Haridwar vendor's park SIDCUL Industrial Estate. AMF is involved in electroplating (Hard Chrome Plating, Zinc Plating, Phosphating), coating, painting of auto parts, majorly two wheeler auto parts. The firm's three major clients namely Emkay Automobile Industries Ltd (contributing ~ 70 percent of firm's sales) Bajaj Auto ltd (~10 percent of sales)and Munjal Showa Ltd(~9 percent of sales) for FY13.

The firm has Associate concerns doing similar business namely Komal Hardchromer Plates Pvt Ltd Haryana, Komal Metal Finishers Haridwar, Komal Coating Pvt Ltd Rewari, Haryana. The firm's business is totally dependent on two wheeler auto segment which is facing slow down in demand.

Key Management:

AMF, a Proprietary concern, was started in the year 2006 by Mr. Anil Bhati, who takes care of day to day operations of the firm. Mr. Anil Bhati has an experience of more than 15 years in auto industry.

Proprietorship nature of its constitution:

The firm being a proprietorship firm is exposed to inherent risk of capital withdrawal by the proprietor. Furthermore, any substantial withdrawals from the capital account would impact the networth and, thereby, the financial profile of the firm.

Constitution as proprietorship firm restricts its overall financial flexibility in terms of limited ability to raise external borrowings required to fund any future expansion plans.

Established relationship with major Tier I Auto Ancillaries:

AMF has track record of 7 years in involved in electroplating (Hard Chrome Plating, Zinc Plating, Phosphating), coating, painting of auto parts, majorly two wheeler auto parts. With its long track record of operations, AMF has established long-standing relationship with its clients over the years. The same is also reflected by AIL's client profile dominated by leading OEMs over the past few years. Emkay Automobile Industries Ltd dominated the firm's client

profile with an overall contribution of about 70% to net sales in FY13. Bajaj Motors Ltd, Munjal showa Ltd are the other major client for the firm.

Moderate financial risk profile:

The Net Revenue from operations increased from ₹23.73 Crores FY12 to ₹ 32.55 Crores in FY13, registering a growth of 37.18% over preceding year. Firm has reported profitability with operating profit margin of 8.83 per cent and net profit margin of 4.25 per cent for FY13. The firm has debt equity of 2.62 times in FY13. Firm has reported moderate debt protection matrices of DSCR 2.25 times for FY13 and ISCR 3.09 times for FY13. The tangible net-worth stood at ₹3.16 crores for FY13.

Rating Outlook:

The rating reflects the position of the firm in the manufacturing segment of the Auto components industry it caters to. Going forward, ability of the firm to achieve projected turnover, increase customer base, sustaining growth withstanding competition and cyclical turns of two wheeler automobile industries will be the key rating sensitivities.

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Annexure I

Aman Metal Finishers

Statement of Profit and Loss	In ₹ Crores	
	31-03-2012 (Audited)	31-03-2013 (Audited)
Net Sales	23.73	32.55
Other operating Income	-	-
Total Operating Income	23.73	32.55
Operating Expenses	21.23	29.68
Operating Profit Before Depreciation, Interest and Taxes	2.50	2.87
Depreciation	0.49	0.56
Operating Profit Before Interest and Tax	2.01	2.31
Interest and Finance Charges	0.85	0.93
Operating Profit Before Tax	1.15	1.38
Non- Operating Income(Expenses)	-	-
Profit Before Tax	1.16	1.38
Provision for Taxes	-	-
Profit After Tax	1.16	1.38

Annexure II

Aman Metal Finishers

Balance Sheet	In ₹ Crores	
	31-03-2012 (Audited)	31-03-2013 (Audited)
EQUITY AND LIABILITIES		
Equity	1.94	3.16
Proprietors' capital	0.78	1.77
Reserves & Surplus	1.16	1.38
Non-current liabilities	2.46	3.31
Long Term Borrowings	2.46	3.31
Current liabilities	5.63	7.51
Short-Term Borrowings	3.90	4.30
CPLTD	0.00	0.66
Trade Payables	1.47	1.76
Other Current Liabilities	0.08	0.62
Short Term Provision	0.19	0.17
Total Liabilities	10.02	13.97
ASSETS		
Non-current assets	4.07	4.75
Net Fixed assets	4.02	4.36
Capital Work-In-Progress	0.00	0.00
Non Current Investments	0.05	0.39
Current assets	5.95	9.22
Inventories	3.58	3.63
Trade Receivables < Six Months	1.71	2.00
Cash and Cash Equivalents	0.06	0.01
Short term loans and advances	0.05	3.42
Other Current Assets	0.55	0.16
Total Assets	10.02	13.97