Rating Report

Brickwork Ratings on a surveillance upgrade the ratings on enhanced bank loan facilities to "BWR BB / BWR A4+" from "BWR B+/ BWR A4" aggregating to Rs. 62.69 Crores of Amod Stampings Pvt Ltd.

Brickwork Ratings on surveillance upgraded the following **Ratings**[1] for long term bank loan facilities and short term bank loan facility aggregating to ₹ 62.69 Crores of Amod Stampings Pvt Ltd.

<table>
<tr><th>Facilities</th><th>Previous Limits In Rs Crs</th><th>Present Limits In Rs Crs</th><th>Tenure</th><th>Rating History</th><th>Review rating</th></tr>
<tr><td colspan="3">Fund Based</td><td rowspan="3">Long Term</td><td rowspan="3">BWR B+
(Pronounced BWR B Plus)
Outlook – Stable
(Aug 14)</td><td rowspan="3">BWR BB
(Pronounced BWR Double B)
Outlook - Stable
Upgraded</td></tr>
<tr><td>Cash Credit</td><td>25.00</td><td>25.00</td></tr>
<tr><td>Term Loan</td><td>0.69</td><td>0.69</td></tr>
<tr><td colspan="3">Non Fund Based</td><td rowspan="2">Short Term</td><td rowspan="2">BWR A4
(Pronounced BWR A Four)</td><td rowspan="2">BWR A4+
(Pronounced BWR A Four)
Upgraded</td></tr>
<tr><td>Letter of Credit</td><td>37.00</td><td>37.00</td></tr>
<tr><td>Total</td><td>62.69</td><td>62.69</td><td colspan="3">Rs. 62.69 (Sixty Two Crores Sixty Nine Lakhs only)</td></tr>
</table>

BWR has principally relied upon the audited financial results up to FY15, projected financials, publicly available information and information/clarification provided by the Company's management.

The rating revision is primarily on account of improvement in financial profile marked by healthy growth in turnover, improvement in profitability and healthy order book position. The ratings continue to factor, inter alia, promoters experience in the industry, long and established track record of operation and favorable outlook of power sector demand in the long term. However the rating continues to be constrained by moderate financial risk profile marked by moderate tangible net worth, gearing level & debt service coverage ratios and it also exposure to competition from players in the industry.

Background

Amod Stampings Pvt Ltd was established as a partnership firm in the year 1978 by Mr. Naraharibhai S. Patel & his son Mr. Surendrabhai N. Patel at Amod village, Bharuch, Gujarat.

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

In 1995, it was reconstituted as Private Limited company having its registered office at Gujarat Spun Pipe Compound, Padra Road, Baroda. The Company is engaged in the business of manufacturing "cores for transformers" used in the Power Industry.

The Company imports Cold Rolled Grain Oriented steel and cuts them to design dimensions. The sheets are then stacked one over the other to form the base for a transformer core which are then supplied to customers in India. Products manufactured by the company are Toroidal Core and Lamination cores in conventional grades viz M3, M4, M5 and also HI-B grades viz. MOH, ZDKH, ZDMH.

Financial Performance:

The financial performance of the company is characterized by increasing revenue and declining operating profitability margins. Total operating income has registered a significant year-over-year growth of 149% to Rs. 118.86 Crores in FY15 from Rs. 47.74 Crores in FY14 mainly on account of increased in scale of operation. Operating profit has increased in absolute terms to ₹ 12.09 Crores in FY15 against ₹ 6.33 Crores in FY14, however the operating profit margin declined to 10.18% in FY15 as compared to 13.27% in FY14. The company has reported net profit of ₹ 2.82 Crores in FY15 against of ₹ 0.51 Crores in FY14.

The overall capital structure of company has remained at similar level which is indicated by overall gearing of 1.43x in FY15 as compared to 1.33x in FY14 on account of increased in working capital borrowing, which is partly mitigated by increase in net worth.

The total outstanding debt of the company (including working capital facilities) increased to Rs. 52.81 crores as on 31st March 2015 from Rs.45.35 crores as on 31st March 2014. The Interest Coverage Ratio in FY15 was at 1.79x and DSCR at 1.25x.The current ratio was comfortable at 1.72x in FY15 compared to 1.99x in FY14.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to, achieve the projected turnover, strengthen its capital structure, improve the liquidity and manage working capital efficiently will remain key rating sensitivities.

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Annexure I : Abridged Profit and Loss A/c

Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Total Operating Income	53.17	47.74	118.86
Raw Material Consumed	41.83	35.10	86.77
Change In Inventory (Increase)/Decrease	0.49	-1.49	1.27
Power and Fuel Expenses	0.45	0.40	0.59
Employee Cost	3.14	2.71	2.86
Manufacturing Expenses	2.06	1.56	4.82
Cost of Goods Sold	47.97	38.28	96.32
Selling, General and other Administrative expenses	3.09	3.12	10.45
Operating Expenses	51.07	41.40	106.76
OPBDIT	2.11	6.33	12.09
Depreciation/Amortization/Impairment	2.42	2.15	2.76
OPBIT	-0.31	4.18	9.34
Interest and Finance Charges	7.44	6.54	6.74
OPBT	-7.75	-2.36	2.60
Non Operating Income(Expenses)	8.40	3.17	1.55
PBT	0.65	0.81	4.15
Extraordinary/Prior Period - Income(Expense)	0.00	0.06	0.00
Provision for Taxes	0.09	0.36	1.33
PAT	0.55	0.51	2.82

Annexure II : Abridged Balance Sheet

Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Liabilities			
EQUITY AND RESERVES	**33.49**	**34.00**	**36.82**
Non-current liabilities	**1.70**	**22.26**	**21.20**
Long-Term Borrowings	**1.04**	**21.52**	**20.80**
Deferred tax Liabilities (Net)	0.67	0.74	0.40
Current liabilities	**71.43**	**39.61**	**60.77**
Short-Term Borrowings	53.35	22.21	31.33
Current Portion Of Long Term Debt	6.39	1.63	0.69
Trade Payables	10.69	14.65	26.45
Other Current Liabilities	0.98	0.67	0.46
Short-Term Provisions	0.02	0.45	1.84
Total Liabilities	**106.63**	**95.87**	**118.79**
ASSETS			
Non-current assets	**20.02**	**17.08**	**14.37**
Net Fixed assets	17.53	15.34	12.71
Capital Work-In-Progress	0.00	0.00	0.00
Net Intangible assets	0.03	0.03	0.02
Non Current Investments	2.26	1.41	1.41
Long Term Loans and Advances	0.19	0.31	0.23
Current assets	**86.61**	**78.79**	**104.41**
Current Investments	0.00	0.20	0.20
Inventories	19.24	29.09	28.01
Trade Receivables	34.1	33.95	54.36
Cash and Cash Equivalents	6.23	6.13	11.86
Short-Term Loans and Advances	26.20	8.43	8.58
Other Current Assets	0.84	0.98	1.39
Total Assets	**106.63**	**95.87**	**118.79**

Annexure III : Ratio

Particulars	FY13	FY14	FY15
Total Debt	60.78	45.35	52.81
Tangible Net Worth	33.46	33.98	36.81
Capital Employed	94.90	80.07	90.02
Total Debt/TNW	1.82	1.33	1.43
ISCR	0.28	0.97	1.79
DSCR	1.03	1.38	1.25
Net Cash Accruals/Total Debt	0.05	0.08	0.10
Net Profit Margin	1.04	1.07	2.37
Operating Profit Margin	3.96	13.27	10.18
ROCE	-0.28	4.78	10.98
Current Ratio	1.21	1.99	1.72
Days Receivables	321	262	136
Days Inventory	155	230	108
Days Payable	91	132	86
Conversion Cycle	386	361	158