

Rating Report

Brickwork Ratings assigns 'BWR D' for the Bank Credit Facility of Amrit Engineering and Foundry Works (AEFW)

Brickwork Ratings has assigned the following rating¹ to the Bank Loan Facilities aggregating Rs 8.90 Crs (INR Eight Crores Ninety Lakhs only) of Amrit Engineering and Foundry Works:

Facility	Limits (Rs Cr)	Tenure	Ratings ¹
Fund based Cash Credit Term Loan	7.75 0.65	Long term	BWR D (Pronounced as single D)
Export Packing credit	0.50	Short term	BWR D (Pronounced as single D)
Total	8.90	(INR Eight Crores Ninety Lakhs only)	

BWR has essentially relied upon the audited financials upto FY14, provisional data for FY 15, FY 16 and FY 17 projections, publicly available information and information/clarification provided by the company's management.

The rating is constrained by the company not servicing its term loans and other bank loan accounts as per schedule, its comparatively small scale of operations coupled with declining sales turnover, high gearing levels and low Tangible Networth, However rating also factors in, healthy operating profit margins, a reputed customer base and company's portfolio being diversified with wide variety of products.

Background:

Amrit Engineering and Foundry Works (AEFW) was established as proprietorship firm in 1990. The registered office of company is at Goraya, Distt. Jalandhar (Punjab). AEFW is engaged in the manufacturing of sand castings in gray cast iron and ductile iron for various industry segments like tractors, agriculture, construction equipment, mechanical and power sectors. Amrit Duraparts Private Limited is a sister company of AEFW.

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

Financial Performance:

During FY14, the company reported revenues of Rs. 27.67 crs, as against revenues of Rs. 28.62 crs in FY13. The company reported Net Profit of 0.79 crs in FY14 against Net profit of Rs. 0.76 crs in FY13. The Net-worth stood at 2.73 crs in FY14 as against 2.11 crs in FY13. As per provisional data for FY 15, the company has registered Gross Sales of Rs 24.61 crs. The Net-worth stood at Rs 3.87 Crores in FY 15 as per the provisional data.

Rating Sensitivity:

Timely payment of debt and increase in scale of operations would be key rating sensitivities.

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Profit And Loss Account

Crores	31-Mar-2013	31-Mar-2014	31-Mar-2015
Result Type			
Gross Sales	28.62	27.67	24.61
Net Sales	28.62	27.67	24.61
Other Operating Income			
Total Operating Income			
Cost of Goods Sold			
Operating Expenses			
OPBDIT			
Depreciation/Amortization/Impairment			
OPBIT	1.97	2.43	2.43
Interest and Finance Charges			
OPBT	0.48	0.46	0.58
Non Operating Income(Expenses)			
PBT	0.76	0.79	0.95
PAT	0.76	0.79	0.95

Balance Sheet

Balance Sheet			
Crores	31-Mar-2013	31-Mar-2014	31-Mar-2015
Liabilities			
EQUITY AND RESERVES	2.11	2.73	3.87
Share capital	1.34	1.94	2.92
Reserves and Surplus	0.76	0.79	0.95
Non-current liabilities	5.74	3.60	4.00
Long-Term Borrowings	5.74	3.60	4.00
Current liabilities	7.80	12.23	14.40
Short-Term Borrowings	4.84	7.08	7.84
Trade Payables	2.38	4.16	5.21
Other Current Liabilities	0.35	0.81	1.06
Short-Term Provisions	0.22	0.19	0.29
Total Liabilities	15.65	18.56	22.27
ASSETS			
Non-current assets	2.32	2.10	2.54
Net Fixed assets	2.32	2.10	2.54
Current assets	13.33	16.46	19.72
Inventories	6.97	9.32	12.14
Trade Receivables < Six Months	2.81	2.96	3.22
Cash and Cash Equivalents	0.21	0.03	0.26
Short-Term Loans and Advances	0.00	3.89	3.85
Other Current Assets	3.33	0.26	0.26
Total Assets	15.65	18.56	22.27