

MAY 27, 2015

## CARE REVISES/REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES/INSTRUMENTS OF AMTEK AUTO LIMITED

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	7398.40*	CARE AA- (Double A Minus)	Revised from CARE AA (Double A)
Short-term Bank Facilities	245.50	CARE A1+ (A One Plus)	Reaffirmed
<b>Total Facilities</b>	<b>7643.90</b>		
Non-Convertible Debentures I	200	CARE AA- (Double A Minus)	Revised from CARE AA (Double A)
Non-Convertible Debentures II	80	CARE AA- (Double A Minus)	Revised from CARE AA (Double A)
Non-Convertible Debentures III	200	CARE AA- (Double A Minus)	Revised from CARE AA (Double A)
Non-Convertible Debentures IV	800	CARE AA- (Double A Minus)	Revised from CARE AA (Double A)
Non-Convertible Debentures	600	CARE AA- (Double A Minus)	Revised from CARE AA (Double A)

\*Including External Commercial Borrowings of USD336.67 mn converted @ Rs.63.3315 per USD

### Rating Rationale

The revision in the LT rating takes into account the decline in financial profile marked by drop in sales and profitability in Q2FY15 (refers to the period January 1 to March 31) and risks related to aggressive pace of acquisitions made by the company in the recent past. The ratings, however continue to derive strength from the experience and resourcefulness of the promoters, AAL's established market position, diversified client base, long-standing relationships with automobile companies as the preferred Original Equipment (OE) supplier and healthy profitability levels. The ratings are, however, constrained by high gearing levels, relatively elongated operating cycle and exposure to foreign subsidiaries and business associates.

Going forward, continued scale-up of operations, improvement in overall gearing and the extent of AAL's exposure to its subsidiaries/business associates will be the key rating sensitivities. Further, the continuity of recovery of demand in the auto sector shall also be key rating sensitivity.

### Background

AAL is engaged in manufacturing of various automotive machined and forged components such as case extensions, crankshaft assemblies, gear pinions, pivot arm, connecting rod assemblies etc. As on September 30, 2014, AAL's machining capacity stood at 500 lakh components, forging capacity was at 200,000 tpa and aluminium casting capacity was at 30,000 tpa. Overall, Amtek Group, along with its subsidiaries, operates around 65 facilities in India, UK, Germany, Brazil, Italy, Mexico, Russia and USA with a total installed casting/forging capacity of 1.46 million tonnes p.a. and machining capacity of 320 million pieces p.a as on September 30, 2014.

In FY14 (refers to the period October 01 to September 30), on a total operating income of Rs.3,973 crore, AAL earned a PAT of Rs.323 crore as compared to a TOI of Rs. 3069 cr and PAT of Rs. 451 cr in FY13 (refers to the period October 01 to September 30). As per the provisional results for H1FY15 (refers to the period October 01 to March 31), AAL reported total income of Rs.2074 crore with PAT of Rs. 201 crore (including extraordinary income of Rs. 180 crore).

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691