

March 24, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Term Loan - I</b>	<b>200.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Term Loan - II</b>	<b>115.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Cash Credit (proposed)</b>	<b>120.00</b>	<b>SMERA BB/Stable (Assigned)</b>
<b>Letter of Credit (proposed)</b>	<b>20.00</b>	<b>SMERA A4+ (Assigned)</b>
<b>Bank Guarantee (proposed)</b>	<b>5.00</b>	<b>SMERA A4+ (Assigned)</b>

SMERA has assigned a long-term rating of '**SMERA BB**' (**read as SMERA double B**) and a short-term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.460.00 crore bank facilities of Amzen Machines Private Limited (AMPL). The outlook is '**Stable**'. AMPL is an associate entity of the Amtek Group. AMPL's ratings draw comfort from the strong support provided by the Amtek Group. The ratings also draw comfort from the strategic location of the company's manufacturing units. However, the ratings are constrained by the company's nascent stage of operations in a highly competitive segment of the auto components industry. The ratings note that the company's financial profile is susceptible to cyclical in the automobile industry and volatility in raw material prices.

AMPL, established in 2010, is a Delhi-based company engaged in manufacturing and machining of aluminium die castings. AMPL has set up factory units in Dharuhera, Chennai and Pune. The company started commercial operations in March 2014. SMERA's ratings on the bank facilities of AMPL are centrally based on the company's strategic importance to the Amtek Group. AMPL benefits from the significant operational, technical, marketing and managerial support provided by the Amtek Group, which is India's largest manufacturer of auto components. The strategic locations of the company's factory units will enable the Amtek Group to further strengthen its market position in Haryana, Tamil Nadu and Maharashtra.

AMPL operates in a highly competitive industry. The company is exposed to the inherent cyclical in the automobile industry. AMPL's profit margins are susceptible to volatility in raw material prices.

### Rating sensitivity factors

- Ability to scale up operations while maintaining comfortable profitability
- Improvement in financial risk profile
- Efficient working capital management

### Outlook: Stable

Although AMPL has short track record of operations, SMERA believes the company will remain strategically important to the Amtek Group. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and profitability. The outlook may be revised to 'Negative' in case of deterioration in the company's credit risk profile, or in case the company does not receive the expected level of support from the Amtek Group. The outlook may also be adversely affected in case of delays in stabilization of the company's operations, or in case of deterioration in the company's capital structure on account of larger-than-expected debt-funded capital expenditure.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

### About the company

AMPL, established in 2010, is a Delhi-based company engaged in manufacturing and machining of aluminium die castings. AMPL has set up factory units in Dharuhera, Chennai and Pune. The aforementioned units were set up at total project cost of Rs.586.76 crore, which was funded through equity of Rs.270.76 crore and debt of Rs.316.00 crore. AMPL's product portfolio includes transmission cases, gear shift houses, clutch covers, support engine cylindrical heads, housing tubes, cover rears, cover shifts and plug speedo shafts. The company currently caters to original equipment manufacturers (OEMs).

### About the group

Amtek Group (a USD 2.5 billion group) is a leading multinational manufacturer of automotive components and assemblies for passenger cars, two-wheelers, tractors, light commercial vehicles, medium commercial vehicles and stationary engines. The group has 65 manufacturing facilities across the world.

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