

RATING RATIONALE

29-Jan-2025

Brickwork Ratings

Vertex Auto Components

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 35.00 Crs. of Vertex Auto Components

Particulars	Facilities**	Amount(Rs.Crs.)	Tenure	Rating#
		35.00	Long Term	BWR BB / Stable (Assignment)
		35.00		

(Rupees Thirty Five Crores Only)

KEY RATING DRIVERS

Credit Strengths:

- Locational Advantage: Located in Hosur cluster, benefiting from logistics and skilled labor.
- Revenue from Operations: Growth of 13.29% in FY24.
- Debt Protection Metrics: DSCR and ISCR at 1.14 and 1.98 respectively.

Credit Risks:

- Constitution Risk: Withdrawal of capital affects the capital structure.
- Industry Competition: Low entry barriers and low pricing power.
- Customer Concentration: Top 3 customers account for 96% of sales.

ANALYTICAL APPROACH - Standalone

Brickwork Ratings has applied its rating methodology as detailed in the Rating criteria below.

RATING SENSITIVITIES

Positive: Networth increase by 15% and DSCR > 1.50.

Negative: Networth reduction by 5% and DSCR < 1.

LIQUIDITY INDICATORS - Adequate

ISCR: 1.98, DSCR: 1.14, Cash: Rs. 1.06 Crs, Net Cash Accruals: 3.54 Crs, CPLTD: 2.82 Crs, Current Ratio: 1.72

ABOUT THE ENTITY

VERTEX Auto Components, established in Jan 2021 by Mr. Ramesh Kumar, is located in Hosur, TN. The company manufactures forged, stamped and welded components for automotive industry clients like GABRIEL, TENNECO, HITACHI. It produces 120,000 components daily.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	FY 21-22	FY 22-23	FY 23-24
Operating Revenue (Rs.Crs.)	47.74	70.14	79.46
EBITDA (Rs.Crs.)	3.31	4.20	6.51
PAT (Rs.Crs.)	1.30	2.03	2.35
Tangible Net Worth (Rs.Crs.)	5.71	8.51	12.90
Total Debt / TNW	2.39	2.67	2.88
Current Ratio	1.71	2.01	1.73

ANNEXURE-I: Details of Bank Facilities rated by BWR

SL.No.	Bank	Type Of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity
1	Canara Bank	Term Loan	7.50	-	7.50	Simple
2	Union Bank of India	Cash Credit	25.00	-	25.00	Simple
3		Term Loan	2.50	-	2.50	Simple
		Total	35.00	0.00	35.00	

Brickwork Ratings - Rating Rationale

Disclaimer: Ratings reflect BWR's opinion based on available data and are not investment recommendations.
For further details, visit: www.brickworkratings.com