



Press Release

Amex Alloys Private Limited

February 05, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Facilities	27.50	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Proposed Long Term Fund Based Facilities	15.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Total	42.50	(Rupees Forty-Two crores and Fifty lakhs Only)			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are in Annexure 2. Detailed explanation of covenants is in Annexure 3.

Detailed Rationale

The rating assigned to the bank facilities of Amex Alloys Private Limited (Amex Alloys) which derives strength from its resourceful promoters with diversified product profile of the company. Additionally, the acquisition by a larger entity further provides synergy benefits and supports growth prospects. However, these rating strengths are constrained by volatility in raw material prices and vulnerabilities in supply chain.

The Stable Outlook reflects Infomerics expectations of steady revenue growth along with improved profitability margins due to inhouse machining of castings leading to cost savings.

Key Rating Sensitivities

Upward Factors

- Successful integration of Amex Alloys with DMW CNC Solutions India Private Limited (DMW) translating into synergy benefits and increased cash flows on consolidated basis
- Sustained & significant improvement in revenue & profit margins

Downward Factors

- Decline in operating income and profitability
- Elongation in the operating cycle impacting the liquidity



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters:

Amex is wholly owned by DMW CNC Solutions India Private Limited, which is led by a team of technocrats with over 30 years of experience in the engineering sector. The founders are directly involved in divisional decision-making and have extensive expertise in areas such as marketing, production, engineering, procurement and project management. This diverse experience has enabled the company to maintain stable operations and expand its presence across various industry sectors.

Acquisition by larger entity to provide synergy benefits and support growth prospects:

DMW CNC approached Amex Alloys with the intention of acquiring the business by FY2025, aiming to enhance DMW's operational efficiency. For DMW, the acquisition serves as a backward integration and is expected to deliver cost savings on the procurement side. Both entities are expected to benefit by way of cross selling opportunities to the others' clients. Additionally, Amex Alloys is expected to benefit from the strong strategic and managerial guidance of the parent company, which is reflected in streamlining of its operations, introduction of job work services and adjustment to its product mix to maximise profits.

The on-going capex in Amex Alloys involving the investment in CNC machining capacity will result in cost savings as the company used to outsource this activity earlier. These initiatives have led to a significant improvement in EBITDA margins, rising from 6.08% in FY2023 to 9.74% in FY2024, while also generating strong cash accruals. On completion of capex in Q4FY25, the cost savings are expected to reflect in further margin improvement from FY26 onwards, while the access to the parent's clientele would help grow the order book and revenues over the medium term.

Diversified product and client profile:

The company specializes in the production and supply of castings made from Carbon Steel, Alloy Steel, Stainless Steel, and Duplex Stainless Steel, available in raw, semi-machined, and fully machined forms. These castings are used in a wide range of industries such as automotive, aerospace, power generation, oil and gas, and heavy engineering. The company



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has a diversified clientele across both domestic and international markets, with a strong presence in Europe.

Comfortable Capital Structure:

The company's capital structure has shown improvement and remains stable, with the overall gearing ratio and TOL/TNW standing at 1.00x and 2.14x as of March 31, 2024, compared to 1.31x and 2.32x as of March 31, 2023. This improvement is mainly attributed to a reduction in total debt to Rs. 37.57 crore in FY24, down from Rs. 42.09 crore in FY23. In FY23, Amex Alloys enhanced its capital structure by converting part of its loan into equity amounting to Rs. 3.75 crore, along with an additional Rs. 36.80 crore as a share premium from Swelect Group.

Key Rating Weaknesses-

Exposed to volatility in raw material prices:

The foundry and steel casting industries are highly vulnerable to fluctuations in the prices of raw materials like iron, steel, and alloys. Amex Alloy's profitability could be impacted by the volatility of raw material costs.

Supply Chain Vulnerabilities and exposure to foreign exchange fluctuations:

Amex Alloys' focus on international markets, particularly in Europe, exposes it to risks related to global trade dynamics, such as changing tariffs, political instability, and disruptions in international logistics. Around 70% of the total FY24 revenue of Amex Alloys was generated through exports. As on December 31, 2024, the company had unhedged exposure to an extent of ~10% of FY24 operating income. However Infomerics notes that the company has sufficient Gross Cash Accrual (GCA) to absorb losses in foreign currency due to appreciation of rupee.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post Default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Criteria On Parent/Group Support](#)



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The parent company DMW CNC Solutions India Private Limited, holds 100% shareholding of Amex.

Liquidity: Adequate

The liquidity of the company is expected to remain adequate in the near to medium term with sufficient accruals and to meet the term debt repayment in the period FY25-FY27. The average fund-based utilisation for the past twelve months ended November 2024 remained moderate at ~87% indicating some amount of liquidity cushion. Amex has repayment in the range of Rs.2-3 crores against cash accruals of Rs. 26-30 crores in the projected period.

About the Company

Amex Alloys, established on December 23, 2003, brings over two decades of expertise as a prominent foundry. The company specializes in producing and supplying castings made from Carbon Steel, Alloy Steel, Stainless Steel, and Duplex Stainless Steel, available in raw, semi-machined, and fully machined forms. DMW acquired 100% of Amex Alloys from the Swelect group, with approximately 81% of the stake purchased in March 2024, and the remaining in July 2024. This acquisition allows DMW to offer a comprehensive, integrated solution for large corporate clients, enhancing delivery reliability and operational efficiency through combined foundry operations. DMW's plan is to further improve Amex's operational efficiency by FY2025, optimizing processes and boosting overall performance.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As On*	31-3-2023 (Audited)	31-3-2024 (Audited)
Total Operating Income	121.59	148.04
EBITDA	7.39	14.42
PAT	(2.69)	6.93
Total Debt	42.09	37.57
Tangible Net-worth	32.24	37.60
Ratios		
EBITDA Margin (%)	6.08	9.74
PAT Margin (%)	(2.20)	4.66
Overall Gearing ratio (x)	1.31	1.00
Interest Coverage (x)	2.23	4.22

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil



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Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Cash Credit	Long Term	25.00	IVR BBB-/ Stable	--	--	--
2.	Term Loan	Long Term	2.50	IVR BBB-/ Stable	--	--	--
3.	Proposed Term Loan	Long Term	15.00	IVR BBB-/ Stable	--	--	--

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Cash Credit	-	-	-	-	25.00	IVR BBB-/ Stable
Long Term Fund Based Bank Facility – Term Loan	-	-	-	October 2027	2.50	IVR BBB-/ Stable
Long Term Fund Based Bank Facility – Proposed Term Loan	-	-	-	-	15.00	IVR BBB-/ Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Amex-Alloys-5feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Sl. No.	Name of the Company	Consolidation Approach
-	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.