

Rating Rationale

Brickwork Ratings assigns 'BWR BBB-/ A3' for the Bank Credit Facilities of AKS Electricals and Electronics Pvt Ltd (AKSEEPL)

Brickwork Ratings has assigned the following **Ratings¹** to the Bank Loan Facilities aggregating Rs24.50 Cr (INR Twenty Four Crores Fifty Lakhs Only) of AKS Electricals and Electronics Pvt Ltd (AKSEEPL or the "Company"):-

Facility	Limits (₹ Cr)	Tenure	Rating
CC (Fund based)	16.50	Long term	BWR BBB- (Pronounced as BWR Triple B Minus) (Outlook: Stable)
LC (Non-Fund Based) BG (Sub Limit of LC)	8.00 (8.00)	Short Term	BWR A3 (Pronounced as BWR A Three)
Total	24.50	INR Twenty Four Crores & Fifty Lakhs Only	

BWR has essentially relied upon the audited financials up to FY15, provisional data of FY 16 projections for FY 17 and FY 18, publicly available information and information/clarification provided by the company's management.

The ratings factor in the good growth seen in scale of operations in the battery manufacturing industry, its promoter's industry experience and established relationships with customers, besides its above-average financial profile marked by improved liquidity position, gearing and debt service coverage indicator. These rating strengths are partially offset by the company's susceptibility of its profit margins to volatility in raw material prices and low operating profit margin, and its exposure to intense industry competition.

Background:

AKS Electricals and Electronics Pvt Ltd was incorporated on 22 January 2007. The Company is engaged in manufacture of Lead Acid Tubular Batteries, Flat Plate Batteries and Automotive Batteries under the brand name "Syano".

Management Details

Mr. Arun Kumar Soam and Mrs. Lavika Soam together have shareholding of ~ 100 % in the company. The company is managed primarily by Mr. Arun Kumar Soam

Financial Performance:

During FY15, the company reported Net sales of Rs. 131.55 crs, as against Net sales of Rs. 98.70 crs in FY14, with Net Profit of Rs 0.31 crs in FY15 as against Rs 0.40 crs in FY14.

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

Net-worth stood at Rs 9.69 crs in FY15 as against Rs 3.82 crs in FY14. As per the provisional data of FY 16, the Company has achieved Net Sales of Rs 241.01 crores and Networth base of Rs 14.15 crores.

Rating Outlook:

The outlook of the company is expected to remain stable going forward. Going forward, ability of the company to increase the scale of operations, improve and maintain its financial risk profile and operating profit margin would be the key rating sensitivities.

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