Rating Rationale

Brickwork Ratings assigns ratings for the Bank Loan Facilities aggregating ₹ 20.00 Cr of Action Batteries Pvt. Ltd

Brickwork Ratings has assigned following **Ratings**[1] for the Bank Loan Facilities of Action Batteries Private Limited. (ABPL or the "**Company**"):-

Facilitiy	Existing Limits	Tenure	Rating Assigned
Fund Based			
Cash Credit	12.90	Long Term	BWR BB- Pronounced BWR Double B Minus **(Outlook: Stable)**
OD Tangible	5.10		
Non Fund Based			
ILC/FLC/ILG/FLG	2.00	Short Term	BWR A4 (Pronounced BWR A Four)
Total	**20.00**	**INR Twenty Crores Only**	

BWR has essentially relied upon audited financial results of Action Batteries Private Limited upto FY15 and Provisional financial for FY16 and Projected financial for FY17, publicly available information and information provided by the management.

The rating has, inter alia, factored in the comfortable debt protection metrics, improvement in profitability margins and improvement in liquidity position. The rating is, however, constrained by stagnant scale of operation and elongated conversion cycle.

Background:

The company is having over 20 years of history both in trading and manufacturing of batteries for commercial market. The company started operations as a proprietorship firm in 1994. Later on the company got incorporated in 2008 as a private limited company with the view to manufacture and supply high quality batteries

ACTION BATTERIES PVT. LTD. is the leading manufacturer of Automotive and stand by batteries. After starting its operation in 1994 the company has achieved many accomplishments and has established wide spread dealer network. The company is supplying high quality batteries under the Brand name "ACTION" & "KAYCEE" to replacement market, prestigious Govt organisations etc.

Financial Performance:

As per the provisional financials for FY16, ABPL's gross revenue from operations stood at Rs. 52.85 Crs. against Rs.63.07 Crs. in FY15. Operating income in FY14 was Rs. 62.02 Cr. Profit after tax for the company stood at Rs. 0.92 crs. against a profit after tax of Rs. 0.78 Cr.

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

Operating profit margin and net profit margin for the company stood at 9.55% and 1.73% respectively in FY16 against 9.27% and 1.23% in FY15. ISCR and DSCR for the company stood at 1.58 times and 1.44 times respectively in FY16. Tangible networth for the company stood at 10.45 Cr. Current ratio for the company stood at 1.41 times in FY16 indicating comfortable liquidity position.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward scaling up of business, meeting projections and ensure timely servicing of debt would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com