

## Rating Rationale

### Autobat Accumulator Private Limited

01<sup>st</sup> August 2017

**Brickwork Ratings re-affirms the ratings for the Bank Loan Facilities of Rs. 5.50 Crs of M/s. Autobat Accumulator Private Limited**

### Particulars

Facility	Previous Limit (₹ in Crs)	Present Limit (₹ in Crs)	Tenure	Previous Rating <sup>1</sup>	Present Rating <sup>1</sup>
<b>Fund Based:</b>				BWR BB- (Pronounced as Double B Minus)	BWR BB- (Pronounced as Double B Minus)
Cash Credit	5.50	5.50	Long Term	Outlook : Stable	Outlook : Stable
<b>TOTAL</b>	<b>5.50</b>	<b>5.50</b>	<b>(INR Five Crores and Fifty Lakhs Only)</b>		

<sup>1</sup>Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

BWR has essentially relied upon the company's audited financial results up to FY16, provisional statements for FY 17, projections FY 18, publicly available information and clarifications provided by the company's management.

The rating has inter-alia factored experience of promoters in the industry for more than a decade, improved sales revenue, infusion of share capital, long relationship with customers, reduced debt equity and ability to sustain the competitive nature of business. However, the ratings are constrained by the decline in operating profit level and working capital intensive nature of operations.

Going forward ability of the company to improve its profitability margin, to implement its expansion plan and to manage its working capital efficiently will be the key rating sensitivities.

### Rating Outlook: Stable

BWR believes that Autobat Accumulator Private Limited's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating



change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

Autobat Accumulator Pvt Ltd was incorporated during 2005 at Wadgaon, Pune for the manufacture and sale of industrial batteries, solar powered batteries and automotive batteries. The products are sold under the brand name of 'Autobat'. AAPL's product line includes Tubpower battery, Invatower battery, Invapower battery, Drive battery, E-series battery and Motor cycle battery etc. Presently the production of batteries & invertors is for 100000 units p.a. and oxide manufacturing at 1000 tons p.a. The company's customers are mainly located in and around Pune and few at Mumbai and Ahmednagar. It has around 50 distributors in and around Maharashtra and one each at Goa, Madhya Pradesh and Karnataka. During FY 16, it has opened branch offices at Raipur and Ranchi. Further, the company plans to start a new automation unit in the region with newer automotive batteries for an estimated project cost of Rs. 2.50 Crs.

### **Management of the Company:**

AAPL is constituted by four directors namely - Mr. Hanamant V Reddy (51%), Mr. Hanumant S Kalagadi (23%), Mr. Tirathappa S Yalagudri (3%) and Mr. Ashok V Reddy (23%). Mr. Hanamant V Reddy is Managing director of the company and has more than 20 years of experience in the industry of battery and other allied products. He looks into procurement, sales, marketing and financial activities of the company.

### **Company Financial Performance**

Autobat Accumulator P Ltd has reported total operating revenue of ₹ 37.77 Crs and PAT of ₹ 0.37 Crs for FY 16 as against ₹ 29.66 Crs and ₹ (0.93) Crs respectively in FY15. Net worth of the company stood at ₹ 7.07 Crs as on March 31, 2016. Gearing ratio was at 0.75 times and ISCR was at (3.95) for FY 16. As reported by the management, the estimated sales turnover and PAT for FY 17 was at Rs. 36.55 crs and Rs. 1.82 crs respectively.



**Rating History for the last three years (including withdrawn/suspended ratings)**

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History *		
		Type	Amount (Rs in Crs)	Rating	FY 16	FY 15	FY 14
1	Cash Credit	Long Term	5.50	BWR BB-	BWR BB-	-	BWR BB-

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Approach to Financial Ratios](#)

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New



Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹ 19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

#### **DISCLAIMER**

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