

## Rating Report

**Brickwork Ratings revises ratings of 'BWR B' & BWR A4 from 'BWR B-' and reaffirms BWR A4 for Bank Loan facilities revised from ₹6.81 Cr to ₹ 6.80 Cr of M/s ABS Aircon Engineer Private Limited.**

Brickwork Ratings has revised following **Rating<sup>1</sup>** for the bank loan facilities of ABS Aircon Engineer Pvt Ltd (AAEPL or the 'Company').

Facility	Previous Limits (₹ Cr)	Existing Limits (₹ Cr)	Tenure	Previous Rating	Present Rating
Fund Based Cash Credit	4.80	4.80	Long Term	BWR B- (Pronounced BWR Double B Minus) (Outlook: Stable)	BWR B (Pronounced BWR B) (Outlook: Stable)
Term Loan*	0.01	NIL			Withdrawn
Letter of Guarantee	2.00	2.00	Short Term	BWR A4 Pronounced as BWR A Four	BWR A4 Pronounced as BWR A Four (reaffirmed)
Total	6.81	<b>6.80</b>	<b>(INR Six Crores and Eighty Lakhs only)</b>		

\*Term Loan has been duly repaid by the Company.

BWR has essentially relied upon audited financial results up to FY14, Projected financials for FY15 and FY16 and information and clarifications provided by the management of the company.

The rating, inter alia, factors the vast experience of the promoter in HVAC industry, continuous growth in revenue in the last 3 years, relationship with clientele, the trade alliances with reputed Indian Companies and improvement in working capital cycle. The rating has also factored the infusion of capital by the promoters. However, the rating is constrained by high gearing ratio due to low tangible net worth, low scale of operations and decrease in profit margins.

### Background:

ABS Aircon Engineers Pvt Ltd (AAEPL) was first started in 1996 as 'ABS Marketing', a partnership firm at Bangalore. In April 2005, it was reconstituted to a private limited company and renamed as 'ABS Aircon Engineers Pvt Ltd'. Presently, AAEPL operates in the

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

field of commercial air conditioning and refrigeration. The company provides turnkey HVAC (heating, ventilation, and air conditioning) solutions, air conditioning services and annual maintenance services. The company specializes in design, supply, installation and commissioning complete range of HVAC and Refrigeration Systems.

**Financial Performance**

As per audited financials for FY14, AAEPL has reported a total Operating Income of Rs.24.06 Cr in FY14 as against Rs. 18.99 Cr for FY13.. Profit after Tax (PAT) has marginally reduced to Rs 0.12 Cr in FY14 as against Rs 0.31 Cr in FY13. Tangible Net worth stood at Rs. 1.95 Cr in FY14 as against Rs 1.38 Cr in FY13.

**Rating Outlook:**

AAEPL’s performance over the next year is expected to be stable. Going forward, the Company’s ability to register consistent growth in turnover with an increase in profitability margins, improve the capital structure and prudent management of its working capital especially receivables will be the key rating sensitivities.

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### Annexure I: Summary of Profit & Loss Statement

<b>Crores</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Result Type</b>	Audited	Audited	Audited	Audited	Projected	Projected
<b>Net Sales</b>	<b>11.07</b>	<b>14.17</b>	<b>18.99</b>	<b>24.06</b>	<b>50.00</b>	<b>65.00</b>
Other Operating Income	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>11.07</b>	<b>14.17</b>	<b>18.99</b>	<b>24.06</b>	<b>50.00</b>	<b>65.00</b>
<b>Operating Expenses</b>	<b>10.39</b>	<b>13.19</b>	<b>17.83</b>	<b>22.74</b>	<b>46.79</b>	<b>60.91</b>
<b>OPBDIT</b>	<b>0.68</b>	<b>0.98</b>	<b>1.16</b>	<b>1.32</b>	<b>3.21</b>	<b>4.09</b>
Depreciation	0.10	0.09	0.14	0.22	0.19	0.16
<b>OPBIT</b>	<b>0.57</b>	<b>0.89</b>	<b>1.02</b>	<b>1.10</b>	<b>3.02</b>	<b>3.93</b>
Interest and Finance Charges	0.23	0.54	0.63	0.78	0.66	0.66
<b>OPBT</b>	<b>0.35</b>	<b>0.35</b>	<b>0.39</b>	<b>0.33</b>	<b>2.36</b>	<b>3.27</b>
Non Operating Income	0.03	0.05	0.10	0.13	0.00	0.00
<b>PBT</b>	<b>0.37</b>	<b>0.40</b>	<b>0.49</b>	<b>0.46</b>	<b>2.36</b>	<b>3.27</b>
Provision for Taxes	0.11	0.13	0.19	0.33	0.75	1.06
<b>PAT</b>	<b>0.26</b>	<b>0.27</b>	<b>0.31</b>	<b>0.12</b>	<b>1.61</b>	<b>2.21</b>

## Annexure II: Summary of Balance Sheet

<b>Crores</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Result Type</b>	Audited	Audited	Audited	Audited	Projected	Projected
<b>Liabilities</b>						
<b>EQUITY AND RESERVES</b>	<b>0.77</b>	<b>1.07</b>	<b>1.38</b>	<b>1.95</b>	<b>3.56</b>	<b>5.77</b>
Share capital	0.06	0.06	0.06	0.56	0.56	0.56
Reserves and Surplus	0.71	0.97	1.28	1.39	3.00	5.21
<b>Non-current liabilities</b>	<b>0.00</b>	<b>0.08</b>	<b>0.46</b>	<b>0.34</b>	<b>0.20</b>	<b>0.10</b>
Long-Term Borrowings	0.00	0.08	0.46	0.34	0.26	0.16
<b>Current liabilities</b>	<b>4.20</b>	<b>7.15</b>	<b>9.84</b>	<b>11.93</b>	<b>14.79</b>	<b>16.79</b>
Short-Term Borrowings	1.48	3.56	5.40	4.94	5.00	5.00
Trade Payables	2.09	2.22	2.58	5.84	7.17	8.88
Other Current Liabilities	0.20	0.19	0.56	0.19	1.30	1.40
Short-Term Provisions	0.43	1.19	1.30	0.96	1.33	1.51
<b>Total Liabilities</b>	<b>4.97</b>	<b>8.30</b>	<b>11.67</b>	<b>14.23</b>	<b>18.55</b>	<b>22.66</b>
<b>ASSETS</b>						
<b>Non-current assets</b>	<b>0.85</b>	<b>0.81</b>	<b>1.36</b>	<b>1.36</b>	<b>1.28</b>	<b>1.22</b>
Net Fixed assets	0.75	0.69	1.20	1.20	1.01	0.90
Non Current Investments	0.02	0.02	0.06	0.02	0.02	0.02
Deferred Tax Assets (Net)	0.07	0.10	0.11	0.14	0.00	0.00
<b>Current assets</b>	<b>4.12</b>	<b>7.49</b>	<b>10.32</b>	<b>12.86</b>	<b>17.27</b>	<b>21.44</b>
Inventories	1.02	1.52	3.33	5.73	9.00	9.75
Trade Receivables > Six Months	0.17	0.86	1.08	0.00	0.00	0.00
Trade Receivables < Six Months	2.09	4.00	4.47	4.06	4.25	5.42
Cash and Cash Equivalents	0.05	0.16	0.19	0.76	0.10	0.10
Short-Term Loans and Advances	0.65	0.77	1.02	2.06	1.12	1.42
Other Current Assets	0.13	0.17	0.22	0.25	0.80	1.95
<b>Total Assets</b>	<b>4.97</b>	<b>8.30</b>	<b>11.67</b>	<b>14.23</b>	<b>18.55</b>	<b>22.66</b>