

Rating Report

Brickwork Ratings upgrades the long term rating of ‘BWR B+’ and Reaffirms the short term rating of ‘BWR A4’ for the Bank Loan Facilities aggregating ₹ 13.30 Cr of ABS Aircon Engineers Private Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for Bank Loan Facilities of ABS Aircon Engineers Private Limited (“ABS” or “the Company”)

Facility	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Rating Feb 20, 2015	Present Rating
Fund Based Cash Credit	4.80	4.80	Long Term	BWR B Outlook: Stable	BWR B+ Upgraded (Pronounced BWR Single B Plus) (Outlook: Stable)
Non-Fund Based Letter of Guarantee	2.00	8.50	Short Term	BWR A4	BWR A4 Reaffirmation
Total	6.80	13.30	INR Thirteen Crores and Thirty lakhs Only)		

BWR has essentially relied upon the Company’s Audited financial results of FY15, estimated projected financials of FY16, publicly available information and the information/clarifications provided by the Company.

The ratings draws comfort from the ABS’s experienced and qualified promoters with established track record of operations the company in the HVAC segment, serving a diversified clientele. The ratings are, however, constrained by modest scale of operations, working capital oriented nature of business, Presence in a competitive and fragmented industry, weak financial profile marked by low networth, thin profit margins, stretched liquidity position

Background:

ABS Aircon Engineers Pvt Ltd (ABS) was first started in 1996 under the name of ‘ABS Marketing’, as a partnership concern at Bangalore, Karnataka. In April 2005, it was reconstituted to a private limited company and renamed as ‘ABS Aircon Engineers Pvt Ltd’. ABS is engaged in the designing, installation, commissioning and maintenance of Heating Ventilation Air-Conditioning (HVAC) systems, including central air-conditioning plants, packaged/ ducted systems, variable refrigerant flow (VRF) Systems.

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

The Company also undertakes annual maintenance contracts for HVAC systems and providing end-to-end HVAC solutions to corporates, Commercial and institutional customers. Company has the Branch offices in Bangalore, Chennai and Hyderabad. Mr.Vinod Saladi, Mr. Vilayath Ali, Mr. Balakrishna are the directors.

Financial Performance:

During FY15, ABS registered OPBDIT and PAT of Rs.1.65 crore and Rs.0.24 crore on a total operating income of Rs.35.06 crore as against OPBDIT and PAT of Rs.1.32 crore and Rs.0.12 crore on a total operating income of Rs.24.06 crore in FY14.

As on 31st March 2015 Company's Tangible Net-worth stood at Rs.2.20 Crs Coupled with Debt/Equity ratio of 2.87 times. Company's operating profit margin, net profit margins recorded at 4.71%, 0.69 % and Current ratio stood at 1.09 times in FY15.

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, the company's ability to achieve healthy revenue and profit growth, strengthen its overall financial performance and efficiently manage its working capital would be the key rating sensitivities.

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ABS Aircon Engineers Private Limited
Annexure-I

Crores	31-Mar-2013	31-Mar-2014	31-Mar-2015
Result Type	Audited	Audited	Audited
Net Sales	18.99	24.06	35.06
Other Operating Income	0.00	0.00	0.00
Total Operating Income	18.99	24.06	35.06
Operating Expenses	17.83	22.74	33.41
OPBDIT	1.16	1.32	1.65
Depreciation/Amortization/Impairment	0.14	0.22	0.40
OPBIT	1.02	1.10	1.25
Interest and Finance Charges	0.63	0.78	0.91
OPBT	0.39	0.33	0.33
Non-Operating Income(Expenses)	0.10	0.13	0.16
PBT	0.49	0.46	0.49
Provision for Taxes	0.19	0.33	0.25
PAT	0.31	0.12	0.24

Annexure-II

Crores	31-Mar-2013	31-Mar-2014	31-Mar-2015
Liabilities	Audited	Audited	Audited
EQUITY AND RESERVES	1.38	1.95	2.20
Share capital	0.06	0.56	0.56
Reserves and Surplus	1.28	1.39	1.64
Non-current liabilities	0.46	0.34	0.32
Long-Term Borrowings	0.46	0.34	0.32
Deferred tax Liabilities (Net)	0.00	0.00	0.00
Current liabilities	9.84	11.93	15.14
Short-Term Borrowings	5.40	4.94	5.98
Trade Payables	2.58	5.84	8.03
Other Current Liabilities	0.56	0.19	0.36
Short-Term Provisions	1.30	0.96	0.78
Total Liabilities	11.67	14.23	17.65
ASSETS			
Non-current assets	1.36	1.36	1.17
Net Fixed assets	1.20	1.20	1.01
Non-Current Investments	0.06	0.02	0.02
Deferred Tax Assets (Net)	0.11	0.14	0.14
Long Term Loans and Advances	0.00	0.00	0.00
Current assets	10.32	12.86	16.49
Current Investments	0.00	0.00	0.00
Inventories	3.33	5.73	4.96
Trade Receivables > Six Months	1.08	0.00	0.00
Trade Receivables < Six Months	4.47	4.06	9.06
Cash and Cash Equivalents	0.19	0.76	0.18
Short-Term Loans and Advances	1.02	2.06	2.01
Other Current Assets	0.22	0.25	0.28
Total Assets	11.67	14.23	17.65