

Rating Report

Brickwork Ratings assigns “BWR B+” rating for Bank Loan facilities aggregating to ₹5.65 Crores of M/s ACME Auto Tech Pvt Ltd.

Brickwork Ratings (BWR) has assigned the **Ratings¹** for Bank Loan facilities sanctioned by Central Bank of India aggregating to ₹ 5.65 Crs of M/s ACME Auto Tech Pvt Ltd (‘The Company’ or ‘AATPL’), as under

Facilities	Sanctioned Limits* (₹ in Crs)	Tenure	Rating
Fund Based Limits			
Cash Credit	4.40	Long Term	BWR B+ <i>(BWR Single B Plus)</i> Outlook: stable
Term Loan -I	0.22		
Term Loan -II	0.35		
Term Loan -III	0.68		
Total	5.65	INR Five Crores and Sixty Five Lakhs only	

**O/s term loans as on Feb 26, 2016.*

BWR has principally relied upon the audited financial statements from FY13 to FY15, Provisionals up to Q3 of FY16 and projected financials up to FY18, publicly available information and information/clarifications provided by the company’s management.

The ratings derive its strength from extensive experience of the directors in auto industry, healthy revenue growth for last three years, increasing operating profitability margins and established relationship with suppliers and customers. However, the rating is constrained by low net worth, high gearing, fragmented industry categorized by intense competition from other players and susceptibility to volatility in raw material prices.

Background:

M/s ACME Auto Tech Pvt Ltd. (AATPL) was incorporated as a Private Limited Company on Oct 7, 2010 at Ludhiana (Punjab). The company is involved in manufacturing of automobile spare parts (Tools) as per International standards, to the customers in automobile industry. The manufacturing facility of the company is located at Ludhiana (Punjab) with an aggregate installed capacity of ~3500 metric tons per year and utilizing capacity is ~2800 metric tons per year. The company is ISO 9001:2008 certified.

Processes involved in manufacturing tools are research & development (as per customer orders), forging (heat treatment), tool making, machining, finishing, inspection, polishing, packing and dispatch.

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

Management Profile:

The company is managed by Shri Jeetender Salhotra and Smt. Sonia Salhotra. Shri Jeetender Salhotra has more than twenty five years of experience in manufacturing and trading of hand tools and he looks after day to day operations and marketing activities of the company.

Financial Performance:

As per FY15 audited financials, AATPL had reported net revenue of ₹18.10 Crores against ₹ 17.18 Crores in FY14. Operating profit margin and Net profit margin of the company were at 6.63 % and 0.90 % respectively in FY15. As of March 31, 2015, the company's tangible net worth stood at ₹2.13 Crs and adjusted with unsecured loans tangible net worth was at ₹ 3.35 Crs. The Debt equity of the company for FY15 continued to be high at 3.42 X, however when adjusted with unsecured loans debt equity stood at 1.81X.

Details of financial statements have been enclosed in Annexure I & II.

Rating Outlook:

The outlook is expected to remain stable over the current year. Going forward, the company's ability to bring down its gearing level by infusion of additional capital, to improve its profitability margins further and manage its working capital cycle effectively will remain the key rating sensitivities.

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ACME Auto Tech Pvt Ltd
Annexure I: Balance Sheet

₹ in Crores	FY13	FY14	FY15	31-Dec-15
Result Type	Audited	Audited	Audited	Provisional
Liabilities				
EQUITY AND RESERVES	1.33	1.53	2.14	2.77
Share capital	0.56	0.56	0.75	1.46
Share Application money Pending allotment	0.06	0.06	0.00	0.00
Reserves and Surplus	0.72	0.92	1.39	1.32
Non-current liabilities	1.76	2.49	2.46	3.33
Long-Term Borrowings	1.66	2.39	2.32	3.19
Deferred tax Liabilities (Net)	0.10	0.10	0.14	0.14
Current liabilities	6.28	8.12	10.44	7.22
Short-Term Borrowings	2.41	3.34	4.30	4.38
Current Portion Of Long Term Debt	0.35	0.39	0.67	0.00
Trade Payables	2.57	3.20	4.09	2.66
Other Current Liabilities	0.27	1.03	1.17	0.17
Short-Term Provisions	0.68	0.16	0.22	0.00
Total Liabilities	9.37	12.14	15.04	13.32
ASSETS				
Non-current assets	3.39	3.18	3.89	3.77
Net Fixed assets	3.35	3.14	3.85	3.77
Other Non-Current Assets	0.04	0.03	0.03	0.00
Miscellaneous Expenditure To the Extent Not Written off(Non-Current)	0.00	0.01	0.01	0.00
Current assets	5.99	8.97	11.15	9.55
Inventories	3.95	6.28	6.94	4.85
Trade Receivables > Six Months	0.00	0.02	0.19	0.00
Trade Receivables < Six Months	1.14	1.09	3.20	4.27
Cash and Cash Equivalents	0.12	0.39	0.06	0.01
Short-Term Loans and Advances	0.15	0.37	0.14	0.39
Other Current Assets	0.62	0.81	0.62	0.03
Total Assets	9.37	12.14	15.04	13.32

ACME Auto Tech Pvt Ltd
Annexure II: Profit And Loss Account

₹ in Crores	FY13	FY14	FY15	31-Dec-15
Result Type	Audited	Audited	Audited	Provisional
Gross Sales	11.69	17.18	18.10	17.82
Net Sales	11.69	17.18	18.10	17.82
Other Operating Income	0.00	0.00	0.00	0.00
Total Operating Income	11.69	17.18	18.10	17.82
Operating Expenses	11.05	16.23	16.90	16.97
OPBDIT	0.63	0.95	1.20	0.85
Depreciation/Amortization/Impairment	0.09	0.15	0.24	0.18
OPBIT	0.54	0.81	0.96	0.67
Interest and Finance Charges	0.46	0.62	0.74	0.58
OPBT	0.09	0.19	0.22	0.09
Non-Operating Income(Expenses)	0.09	0.04	0.03	0.09
PBT	0.18	0.23	0.25	0.18
Provision for Taxes	0.12	0.02	0.09	0.00
PAT	0.06	0.20	0.16	0.18