

Rating Report

Brickwork Ratings assigns 'BWR BB+' rating for the Bank Loan Facility aggregating to Rs. 50.00 Cr of Amit Brothers Private Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facility of Rs. 50.00 Cr of Amit Brothers Private Limited ('ABPL' or 'Company').

Facility	Existing Limit (Rs. in Cr)	Proposed Limit* (Rs. in Cr)	Tenure	Rating
Fund Based				
Cash Credit	35.00	50.00	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook: Stable)
Total	35.00	50.00	INR Fifty Crore only	

*Includes existing limit

BWR has principally relied upon the audited financial results up to FY15, projection for FY16 & FY17 and publicly available information and information/clarifications provided by the management.

The rating factors in, inter alia, the promoters' experience, healthy growth in operating income, reasonable interest coverage and established dealership network and supplier base. The rating also takes note of the capex done in FY15 and planned capex in FY16 for manufacturing of batteries, which is expected to support company's scale and margins going forward. However, the rating is constrained by low profit margins due to high proportion of revenue from trading activity, working capital intensive nature of operations and intense competition in the industry.

Management Profile:

The key management and promoters' of the company are Mr. N C Jain and Ms. Anu Jain, who are also the directors of the company.

Background:

ABPL was set up 30 years ago as a proprietorship firm at Palam, New Delhi, with the business of paint, hardware and sanitary for companies like Nerolac, Asian Paints, Hindware, Somani etc., in the West Delhi area. In 1997, the proprietorship firm was converted into a private limited company.

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

As business expanded, the company took dealership of Crompton Greaves Limited (CGL) and started wholesaling as well as retail distribution of CGL products. In January 2011, the company forayed into production of inverter batteries at Sonipat (Delhi).

Currently, the company is engaged into trading of electrical and electronic items, manufacturing of batteries like lead acid battery (for inverters), automotive batteries, UPS batteries and assembling of gas geyser. During FY15, company has done capex towards machinery expansion for manufacturing of batteries. The company has planned to increase the capacity further in FY16. The products will be sold under its own brand in the name of 'ABL'.

Financial Performance:

ABPL reported total revenue from operations at Rs. 268.15 crore in FY15 as against Rs. 235.66 crore in FY14. Operating Profit Margin and Net Profit Margin of the company was at 3.67% and 1.14% in FY15.

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, the company's ability to increase the scale of operations from manufacturing activity, improve profit margins and efficiently manage its working capital cycle remains the key rating sensitivities.

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

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

Annexure I
Statement of Profit & Loss
Amit Brothers Private Limited

₹ Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Gross Sales	171.84	235.61	267.89
Net Sales	171.71	235.57	267.89
Other Operating Income	0.00	0.09	0.26
Total Operating Income	171.71	235.66	268.15
Operating Expenses	166.08	226.89	258.31
OPBDIT	5.63	8.77	9.84
Depreciation/Amortization/Impairment	0.50	1.14	0.58
OPBIT	5.13	7.63	9.26
Interest and Finance Charges	2.38	3.60	4.68
PBT	2.75	4.03	4.58
Provision for Taxes	0.89	1.38	1.51
PAT	1.85	2.64	3.06

Annexure II
Balance Sheet
Amit Brothers Private Limited

₹ Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
LIABILITIES			
EQUITY AND RESERVES	25.04	40.17	43.27
Share capital	2.41	2.91	2.91
Reserves and Surplus	22.63	37.27	40.36
Non-current liabilities	0.74	1.44	2.03
Deferred tax Liabilities (Net)	0.74	1.30	1.92
Long-Term Provisions	0.01	0.14	0.12
Current liabilities	37.28	61.77	58.58
Short-Term Borrowings	21.15	25.71	34.99
Trade Payables	14.93	20.00	20.61
Other Current Liabilities	0.23	14.25	0.23
Short-Term Provisions	0.97	1.81	2.75
Total Liabilities	63.06	103.39	103.89
ASSETS			
Non-current assets	11.27	11.68	17.72
Net Fixed assets	9.89	8.81	13.82
Non-Current Investments	0.75	1.16	1.33
Other Non-Current Assets	0.62	1.71	2.58
Current assets	51.80	91.72	86.16
Inventories	30.30	43.11	42.27
Trade Receivables > Six Months	0.12	0.13	1.19
Trade Receivables < Six Months	20.13	45.87	38.63
Cash and Cash Equivalents	0.26	0.78	0.81
Short-Term Loans and Advances	0.34	0.10	0.11
Other Current Assets	0.64	1.73	3.16
Total Assets	63.06	103.39	103.89