

Rating Report

Brickwork Ratings re-affirms the long term rating of 'BWR BB-' for the Bank loan facilities of Rs. 5.50 Crores of Autobat Accumulator Private Limited.

On review, Brickwork Ratings (BWR) has re-affirmed the **Ratings¹** for the Bank loan facilities amounting to Rs. 5.50 Crores of Autobat Accumulator Private Limited (“AAPL” or “the Company”), as under :

Facility	Previous Limit (₹ Crs)	Present Limit (₹ Crs)	Tenure	Previous Rating	Present Rating
Fund Based:					
Cash Credit	5.50	5.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable
Total Amount Rated	5.50	5.50	(INR Five Crores and Fifty Lakhs Only)		

BWR has essentially relied upon the company's audited financial results up to FY15, projections for FY 16, publicly available information and clarifications provided by the company's management.

The rating has, inter-alia factored the experience of promoters in the industry for more than 10 years, establishment of new unit, long standing relationship with its customers and its ability to sustain the competitive nature of business. However, the ratings are constrained by stagnant levels of sales revenue and reduced profit margins, geographical concentration of its customers, high gearing ratio, low net cash accruals to total debt and working capital intensive nature of operations.

Background:

Autobat Accumulator Pvt Ltd was incorporated during 2005 at Wadgaon Budruk, Pune district, Maharashtra for the manufacture and sale of various types of industrial batteries, solar powered batteries and automotive batteries. The products are sold under the brand name of 'Autobat'. The company's product line includes Tubpower battery, Invatower battery, Invapower battery, Drive battery, E-series battery and Motor cycle battery etc.

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

During April 2015, the company has established a third unit at village Bhor on the Pune-Bangalore Hwy, for the exclusive production of solar products and an oxide manufacturing division with a battery capacity of 50000 units p.a., and oxide at 6000 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.

Management:

AAPL's directors are 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 after procurement, sales, marketing and financial activities of the company.

Financial Performance:

Net Income from operations stood at Rs. 29.66 Crs for FY 15 as compared to Rs. 31.55 Crs in FY 14. Profit after tax is at Rs. (0.93) Crs for FY 15. AAPL's Networth stood at Rs. 1.85 Crs as on March 31, 2015 and overall gearing ratio was at 1.94 times for FY15. The management has infused further capital during June 2015, bringing the current share capital at Rs. 3.00 Crs as compared to Rs. 0.10 Crs for FY 15.

Rating Outlook:

The rating outlook for the company is expected to be stable over the current year. Going forward, ability of the company to improve its revenue and profitability, to achieve geographical and customer diversification in its revenue profile and to improve its net cash accruals to total debt and to manage its working capital efficiently will be the key rating sensitivities.

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Autobat Accumulator Private Limited
ANNEXURE I: PROFIT AND LOSS ACCOUNT

(Rs in Crs)

Particulars	FY 2013 (A)	FY 2014 (A)	FY 2015 (A)
Net Sales	31.89	31.39	29.46
Other operating Income	0.21	0.16	0.21
Total Operating Income	32.10	31.55	29.66
Cost of Goods sold	33.41	32.57	27.89
Total Operating Expenses	35.36	33.96	29.08
OPBDIT	-3.26	-2.41	0.58
Depreciation charges	0.20	0.19	0.42
Interest & finance charges	0.53	0.51	0.69
OPBT	-4.00	-3.11	-0.52
Non-Operating Income(Expenses)	4.57	4.21	1.35
PBT	0.58	1.10	0.83
Provision for Taxes	0.18	2.23	1.76
PAT	0.40	-1.13	-0.93

ANNEXURE II: BALANCE SHEET

(Rs in Crs)

Particulars	FY 2013 (A)	FY 2014 (A)	FY 2015 (A)
Equity and Reserves	3.93	2.80	1.85
Share Capital	0.10	0.10	0.10
Reserves & Surplus	3.83	2.70	1.75
Non-current liabilities	1.41	0.62	0.04
Long-Term Borrowings	1.41	0.62	0.04
Current liabilities	6.16	9.02	8.90
Short-Term Borrowings	4.11	5.08	3.55
Trade Payables	1.45	3.03	4.64
Other Current Liabilities & provisions	0.60	0.91	0.71
Total Liabilities	11.50	12.44	10.79

ASSETS			
Non-current assets	1.17	1.12	1.51
Net Fixed assets	1.17	1.12	1.51
Current assets	10.33	11.32	9.28
Inventories	5.37	7.82	6.46
Trade Receivables < Six Months	2.81	1.44	1.33
Cash and Cash Equivalents	0.14	0.02	0.04
Other current assets loans & advances	2.00	2.04	1.45
Total Assets	11.5	12.44	10.79

Autobat Accumulators Private Limited
ANNEXURE III: RATIOS

Particulars		FY 2013 (A)	FY 2014 (A)	FY 2015 (A)
Total Debt/TNW	Times	1.40	2.03	1.94
ISCR	Times	-6.19	-4.70	0.85
DSCR	Times	1.59	-0.60	0.23
Net Cash Accruals/Total Debt	Times	0.11	-0.17	-0.14
Net Profit Margin	%	1.25	-3.58	-3.13
ROCE	%	-41.35	-28.91	2.38
Current Ratio	Times	1.68	1.26	1.04
Days Receivables	Days	42	25	17
Days Inventory	Days	59	74	93
Days Payable	Days	38	25	60
Conversion Cycle	Days	62	74	50

(Financial Ratios are as per BWR Calculations)