

## Rating Report

### Brickwork Ratings assigns 'BWR BB-' for Long Term Facilities of ₹ 5.50 Cr to Autobat Accumulator Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Loan Facility sanctioned by Bank of Maharashtra to Autobat Accumulator Pvt. Ltd. (*The Company / AAPL*).

Facilities	Tenure	Amount (₹ Cr)	Rating
Fund Based Cash Credit	Long Term	5.50	<b>BWR BB –</b> (Pronounced as BWR Double B Minus) <b>Outlook : Stable</b>
Total		5.50	<b>(INR Five Crores Fifty Lakhs only)</b>

BWR has principally relied upon the audited financial statements from FY11 to FY13, estimated FY14 and provisional of FY15, publicly available information and information / clarifications provided by the management.

The rating has factored, inter alia, promoters experience in the line of business, product diversification, Moderate Gearing with high debt protection matrices. However the rating is constrained by Declined in operating Income, Small scale of operation, Sub-optimal capacity utilization, thin profit margin, working capital intensive operations, Geographical concentration risk as company majorly supply its products in Maharashtra and intense competition from both organized and unorganized players.

#### Background:

Autobat Accumulator Pvt Ltd (AAPL) was incorporated in Oct 2005. AAPL originally established as partnership firm in 1996 by H V Reddy and H S Kaladagi in equal sharing. The company has its registered office at Vadgaon Budruk, Pune. The company's manufacturing facilities is located at Vadgaon Pune and Nanded village on Sinhgad road Pune. The company also has its depo in Nagpur for distribution of its products.

AAPL is into manufacturing of batteries namely industry batteries, solar application batteries and motorcycle batteries with various ranges. The company has total manufacturing capacity of 1.50 lakhs batteries p.a with average utilization of 50 lakh units p.a.

The company market its products in the brand name "Autobat". The Company has appointed ~50 distributors all over Maharashtra and 2-3 distributors in Goa, MP , Karnataka.

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

### Management Profile:

The key management of the company is Mr Hanamant Vasappa Reddy, Mr. Tirthappa S Yalgudri and Mr. Hanumant S Kaladagi.

Mr Hanamant Vasappa Reddy, Director is engineering graduate and has experience of 20 years in the battery industry & other allied products. He looks for Purchase, Sale, marketing and Finance departments.

Mr. Tirthappa S Yalgudri, Director is Mechanical engineer. He has thorough knowledge of production process and related matters. He looks for manufacturing and related process.

Mr. Hanumant S Kaladagi, Director is Graduate in commerce and has experience of 20 years in the line of business. He looks after production dispatch and other related matters.

### Financial Performance:

The company's has reported income from operations has declined by 13.96 per cent y-o-y in FY14 (estimated).

The company income from operation has declined to 36.67 Crores in FY13 from 48.23 Crores in FY12. The operating profit margin has improved from 2.93 per cent in FY12 to 3.57 per cent in FY13. The company's operations are working-capital-intensive, marked by high conversion cycle of 62 days in FY3.

The tangible net worth of the company as on 31st March 2013 stood at ₹3.93 Crores. The company high debt protection matrix with debt equity ratio of 1.40x in FY13.

### Rating Outlook:

The outlook of the company is expected to be stable for the current year. Going forward, the improvement in scale of operation, increase in profitability, efficient working capital management, further improvement in the capital structure & Capacity Utilization and geographical diversification will remain the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
1-860-425-2742	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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**ANNEXURE – I: PROFIT AND LOSS A/C**

<b>Particulars</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>
Result Type	Audited	Audited	Audited
Net Sales	39.61	42.99	31.89
Other Operating Income	4.49	5.24	4.78
<b>Total Operating Income</b>	<b>44.10</b>	<b>48.23</b>	<b>36.67</b>
Operating Expenses	42.61	46.81	35.36
OPBDIT	1.49	1.41	1.31
Depreciation	0.15	0.15	0.20
<b>OPBIT</b>	<b>1.34</b>	<b>1.26</b>	<b>1.11</b>
<b>Interest and Finance Charges</b>	<b>0.27</b>	<b>0.41</b>	<b>0.53</b>
OPBT	1.08	0.85	0.58
Non-Operating Income(Expenses)	0.02	0.09	0.00
<b>PBT</b>	<b>1.10</b>	<b>0.94</b>	<b>0.58</b>
Provision for Taxes	0.36	0.39	0.18
<b>PAT</b>	<b>0.74</b>	<b>0.55</b>	<b>0.40</b>

## ANNEXURE – II: BALANCE SHEET

Particulars	FY11	FY12	FY13
Result Type	Audited	Audited	Audited
<b>EQUITY AND RESERVES</b>	<b>2.98</b>	<b>3.53</b>	<b>3.93</b>
Share capital	0.10	0.10	0.10
Reserves and Surplus	2.88	3.43	3.83
<b>Non-current liabilities</b>	<b>0.23</b>	<b>1.30</b>	<b>1.41</b>
Long-Term Borrowings	0.23	1.30	1.41
<b>Current liabilities</b>	<b>6.39</b>	<b>7.91</b>	<b>6.15</b>
Short-Term Borrowings –CC	3.20	2.49	4.11
Trade Payables	2.25	4.70	1.45
Other Current Liabilities	0.48	0.16	0.07
Short-Term Provisions	0.47	0.55	0.53
<b>Total Liabilities</b>	<b>9.60</b>	<b>12.74</b>	<b>11.50</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>0.88</b>	<b>0.86</b>	<b>1.17</b>
Net Fixed assets	0.88	0.86	1.17
<b>Current assets</b>	<b>8.72</b>	<b>11.88</b>	<b>10.33</b>
Inventories	6.40	5.34	5.37
Trade Receivables < Six Months	0.84	4.44	2.81
Cash and Cash Equivalents	0.01	0.05	0.14
Short-Term Loans and Advances	1.47	2.06	2.00
Other Current Assets	0.00	0.00	0.00
<b>Total Assets</b>	<b>9.60</b>	<b>12.74</b>	<b>11.50</b>

### ANNEXURE – III: RATIO ANALYSIS

Particulars		FY11	FY12	FY13
Result Type		Audited	Audited	Audited
Total Debt	Crores	3.42	3.79	5.52
Tangible Net Worth	Crores	2.98	3.53	3.93
Capital Employed	Crores	6.40	7.33	9.45
Total Debt/TNW	Times	1.15	1.07	1.40
ISCR	Times	5.61	3.44	2.48
DSCR	Times	4.32	2.51	1.59
Net Cash Accruals/Total Debt	Times	0.26	0.19	0.11
Net Profit Margin	Per Cent	1.67	1.15	1.10
Operating Profit Margin	Per Cent	3.38	2.93	3.57
ROCE	Per Cent	20.99	18.41	13.17
Current Ratio	Times	1.36	1.50	1.68
Days Receivables	Days	8	22	42
Days Inventory	Days	61	49	59
Days Payable	Days	23	35	38
Conversion Cycle	Days	45	37	62