22 April, 2014

CARE REVISES THE RATINGS ON THE BANK FACILITIES OF ENDURANCE TECHNOLOGIES PVT LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	227.96 (reduced from 441.93)	**CARE A- [A minus]**	Revised from CARE BBB (Triple B)
Short-term Bank Facilities	587.75 (enhanced from563.25)	**CARE A2+ [A Two Plus]**	Revised from CARE A3+ (A Three Plus)
Total Facilities	**815.71**		

Rating Rationale

CARE has upgraded the ratings assigned to the bank facilities of Endurance Technologies Private Ltd. (ETPL) from CARE BBB/CARE A3+ to CARE A-/CARE A2+. The rating upgrade takes into consideration the steady improvement in the operating performance despite the sluggish growth in the auto industry which has led to significant improvement in financial leverage and debt protection matrices. The adjusted consolidated overall gearing of ETPL (adjusted for revalued assets) has improved significantly from 3.24 times as on March 31, 2012 to 2.25 times as on March 31, 2013 and further to 1.37 times as on December 31, 2013. The debt coverage parameters also remained comfortable with interest coverage of 5.41 times for FY13 (refers to the period April 1 to March 31) and further improved to 6.25 times for 9MFY14.

The ratings continue to positively build in the established track record of the promoters in the auto components industry, strong business association with key Original Equipment Manufacturers (OEMs) especially Bajaj Auto Ltd (BAL), diversification in revenue profile with growing relationship with other major OEMs, improving performance of foreign subsidiaries and strategic location of ETPL's manufacturing facilities.

The above rating strengths are tempered by the sluggish growth witnessed by the auto industry in India in the past few years and cyclicality associated with the auto industry. The ratings also continue to take cognizance of the moderate capital structure and liquidity profile of the company.

Any significant debt funded expansion and diversification in customer base remains the key rating sensitivity.

Background

Endurance Technologies Private Ltd. (ETPL) was established in 1985 as Anurang Engineering Co. Pvt. Ltd. to manufacture aluminum die casting products at Aurangabad, Maharashtra. The company was promoted by Mr. Naresh Chandra and Mr.Anurang Jain. At present ETPL is engaged in the manufacturing of die casting, braking, transmission and suspension system for catering to the dominant OEMs in the two and three wheelers segments. ETPL is having its own R&D setup duly approved by DSIR for each above stated segment helping company to offer optimized products. Bajaj Auto Limited (BAL) remains the main customer for the company. In past few years the company has also strengthened its relationship with other major OEMs and same is reflected in reduced reliance on revenue from BAL. ETPL's promoters have been engaged in this business for almost 28 years and have in-depth knowledge of industry.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

During FY13, on a consolidated basis, ETPL reported a Profit After Tax (PAT) of Rs.171 crore on a total operating income of Rs.3,834 crore as against a PAT of Rs.179 crore on a total operating income of Rs.3,838 crore during FY12.
During 9MFY14, on a consolidated basis, ETPL reported a PAT of Rs.138 crore on a total operating income of Rs.3,080 crore as against a PAT of Rs.123 crore on a total operating income of Rs.2,834 crore during 9MFY13.

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