

RATING RATIONALE

4 May 2020

Akar Auto Industries Limited

Brickwork Ratings has reviewed the ratings for the Bank Loan Facilities of ₹ 74.64 Crores of Akar Auto Industries Limited (AAIL or “The Company”) based on best available information, as the issuer did not cooperate.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (November, 2018)	Present^
Fund based	46.63	46.63	Long Term	BWR BBB- /Stable (Pronounced as BWR triple B minus)	Issuer Not Cooperating* BWR BB/Negative (Pronounced as BWR double B) [Downgraded]
	17.50	17.50	Short Term	BWR A3 (Pronounced as BWR A three)	Issuer Not Cooperating* BWR A4 (Pronounced as BWR A four) [Downgraded]
Non Fund based	10.51	10.51	Short Term	BWR A3 (Pronounced as BWR A three)	Issuer Not Cooperating* BWR A4 (Pronounced as BWR A four) [Downgraded]
Total	74.64	74.64	INR Seventy four crores and Sixty four lakhs Only		

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate, based on best available information.

^Rating was moved to Not Reviewed Advisory in November, 2019.

Details of Bank facilities is provided in Annexure-I



RATING : Downgraded

NATURE OF NON-COOPERATION:

The rating was due for review in November, 2019. BWR took up with the issuer to provide required information over emails and through telephonic communication. However due to the non availability of the required information, the rating was migrated to the “Rating not reviewed” category on 29th November 2019.

However, despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the issuer, BWR is unable to assess the issuer’s financial performance and its ability to service its debt and maintain a valid rating.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress.

COMPANY PROFILE (Information available as of 28 November 2018)

Akar Auto Industries Limited (Formerly known as Akar Tools Limited) is Mumbai based public limited company incorporated in the year 1989. The company is engaged in manufacturing hand tools, leaf springs for major auto and non-auto OEMs and high quality precision engineered foreign components. The company has three manufacturing units located in Walnuj, Aurangabad. The day to day operations of the company is managed by Mr. R. L. Gupta, Chairman and Mr. Sunil Todi, Managing Director.

Key financials Indicators

Key Parameters	Units	FY2019	FY2018
Result Type		Audited	Audited
Operating Revenue	Rs. Crs	277.79	246.88
EBITDA	Rs. Crs	18.50	18.44
PAT	Rs. Crs	5.21	3.20
Tangible Net worth	Rs. Crs	32.36	27.99
Total Debt/Tangible Net worth	Times	2.05	2.04
Current Ratio	Times	1.19	1.08

Note: The company has reported profit after tax (PAT) of Rs. 1.77 crores on an operating income of Rs. 153.98 crores for the nine months ended as on 31st December 2019 on provisional basis.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :

India Ratings & Research vide its press release dated 4th March 2020 has continued to classify the ratings as Issuer Not Cooperating; based on best available information and reaffirmed the rating to BB+/Stable and BWR A4+, as the Company has not provided the requisite information for surveillance of rating.

ANY OTHER INFORMATION: Not Applicable

RATING HISTORY

Instrument / Facilities	Current Rating			Rating History										
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating^	2019	2018	25Jan 2017								
Fund Based	Long Term	46.63	Issuer did not cooperate*; BWR BB/ Negative (Pronounced as BWR Double B) [Downgraded]	-	28.11.2018 <table border="1"> <tr> <td>FB</td> <td>46.63</td> <td>BWR BBB-/ Stable</td> </tr> <tr> <td></td> <td>17.50</td> <td>BWR A3</td> </tr> </table>	FB	46.63	BWR BBB-/ Stable		17.50	BWR A3	BWR BBB-/ Stable (Pronounced as BWR triple B minus) [Assigns]		
	FB	46.63	BWR BBB-/ Stable											
	17.50	BWR A3												
Short Term	17.50	Issuer did not cooperate*; BWR A4 (Pronounced as BWR A four) [Downgraded]	-	29.06.2018 <table border="1"> <tr> <td>NFB</td> <td>10.51</td> <td>BWR A3</td> </tr> <tr> <td>FB</td> <td>46.96</td> <td>BWR BBB-/ Stable</td> </tr> <tr> <td></td> <td>17.50</td> <td>BWR A3</td> </tr> </table>	NFB	10.51	BWR A3	FB	46.96	BWR BBB-/ Stable		17.50	BWR A3	BWR A3 (Pronounced as BWR A three) [Assigns]
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NFB	10.51	BWR A3												
Total		74.64	INR Seventy four crores and Sixty four lakhs Only											

* Issuer did not cooperate, based on best available information.



COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What constitutes Non-Cooperation](#)
- [Rating Criteria for Manufacturing Companies](#)

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ANNEXURE I

Akar Auto Industries Limited

Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	Canara Bank	Cash Credit	20.80	-	20.80
2.		Packing Credit /Packing Credit in Foreign Currency	-	12.50	12.50
3.		Foreign Bill Discounting Bills (FDB)/Foreign Bill Exports (FBE)	-	5.00	5.00
4.		Term Loan I	2.74	-	2.74
5.		Term Loan II	11.75	-	11.75
6.		Proposed Loan	11.34	-	7.15
7.		Letter of Credit	-	8.00	8.00
8.		Bank Guarantee	-	2.51	2.51
TOTAL					74.64

Total Rupees Seventy Four Crores and Sixty four lakhs only.



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