

## Rating Rationale

### Akar Tools Ltd.

25<sup>th</sup> Jan 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Akar Tools Ltd.**

#### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating
<b>Fund Based</b>			
OCC/ODBD	16.80	Long Term	<b>BWR BBB-</b> (Pronounced as BWR Triple B Minus) <b>(Outlook : Stable)</b>
PC/PCFC	12.50		
Working Capital (Proposed)	6.50		
FDB/FBE	5.00		
Term Loan	4.19		
<b>Non Fund Based</b>			
ILC	5.00	Short Term	<b>BWR A3</b> (Pronounced as BWR A Three)
LC (Proposed)	4.00		
BG	1.00		
<b>Total</b>	<b>54.99</b>	<b>INR Fifty Four Crores and Ninety Nine Lakhs Only</b>	

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials up to FY16, projected financials up to FY18, publicly available information and information/clarification provided by the company's management.

The rating has factored, inter alia, promoters experience in the automobile industry of more than two decades, long track record of the company, strong association with established customer base. However, the rating is constrained by moderate scale of operation, stiff competition from organized and unorganized players, volatility associated with the raw material prices.

Going forward, the company's ability to achieve its projections, improve and maintain a healthy profit margin and improving liquidity ratio will be the key rating sensitivities.

### Rating Outlook: Stable

BWR believes the **Akar Tools Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

Akar Tools Ltd is a public limited company was incorporated on 21<sup>st</sup> June 1989 situated in Waluj near Aurangabad. Akar Tools Ltd is involved in manufacturing of hand tools, leaf springs to major auto and non-auto OEM's and hi-quality precision engineered forging components.

Mr. R. L. Gupta is the chairman of Akar Tools Ltd and Mr. Sunil Todi is the managing director of the company.

### Company Financial Performance

The operating income of the company is Rs. 184.55 crores in FY16 against Rs. 159.30 crores in FY15. The company has reported net profit of Rs. 1.84 crores in FY16 as against Rs. 1.23 crores in FY15. Tangible net worth of the company stood at Rs. 24.97 crores.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs. Crs)	Rating	2016	2015	2014
1	<b>Fund Based</b>	Long Term	44.99	<b>BWR BBB-</b>	–	–	–
2	<b>Non Fund Based</b>	Short Term	10.00	<b>BWR A3</b>	–	–	–

**Hyperlink/Reference to Applicable Criteria**



- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

**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.