

## RATING RATIONALE

3 Feb 2020

### Auto Clutches

**Brickwork Ratings Revises the ratings for the Bank Loan Facilities of ₹ 10.68 Crores of M/s. Auto Clutches based on best available information, as the issuer did not cooperate.**

#### Particulars

Facilities	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (April, 2018)	Present
<b>Fund based:</b>					
Term loan	3.18	3.18	Long Term	BWR BB Stable	BWR BB- Stable (Downgrade) Issuer Non Cooperation*
Cash credit	5.50	5.50			
PCFC	1.50	1.50	Short Term	BWR A4	BWR A4 (Reaffirmation) Issuer Non Cooperation*
<b>Non Fund based:</b>					
Bank Guarantee	0.50	0.50			
<b>Total</b>	<b>10.68</b>	<b>10.68</b>	<b>INR Ten Crores and Sixty Eight Lakhs Only</b>		

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

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

Details of Bank facilities is provided in Annexure -I

#### RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION

Brickwork Ratings downgrades the ratings of M/s. Auto Clutches for the long term facilities of Rs. 8.68 Crs from BWR BB to BWR BB- and reaffirms BWR A4 for the short term facilities of Rs. 2.00 Crs, Issuer Not Cooperating; based on best available information.

BWR had initially rated the bank loan facilities of M/s. Auto Clutches in December 2014 with rating assigned as BWR BB- Stable/A4 and the rating was due for a review during December 2015. BWR reviewed and upgraded the initial rating of BWR BB- Stable / A4 to BWR BB Stable/ A4 on 11th May 2016. The rating became due for review during May 2017. BWR took up with the issuer to provide required information. Despite best efforts, required information for the review was not provided by the management. Hence, rating



was downgraded from BWR BB / A4 Stable to BWR BB-/ A4 stable and categorized under Issuer Non Cooperation on 11th August 2017. The rating was due for review during August 2018.

BWR reviewed the rating and revised the rating from BWR BB-/ A4 Stable/Issuer Non Cooperation to BWR BB/ A4 Stable and removed from the 'Issuer Non Cooperation' category on 18th April 2018. The rating was due for review during April 2019.

BWR took up with the issuer to provide required complete information over emails and telephone calls. Despite the best efforts of BWR to get at least the minimum required information for a review, the firm 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. Hence on account of inadequate information and lack of management cooperation, BWR recommends to place the rating under the Issuer Non Cooperation.

#### 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.

#### BUSINESS PROFILE

M/s. Auto Clutches was established during 1986 as a proprietorship concern by Mr. H.V Subramanya at Shimoga, Karnataka. Auto Clutches is involved in the manufacture of automotive machine parts. The products manufactured include Shackle Pin/Spring Pin, King Pin/Knuckle Pin, Selector Plate/Rails, Shifter Shafts, Machined Castings, Turned Parts and Axle Parts. The concern has a long standing relationship with its reputed clientele like Ashok Leyland, Tata Motors, Daimler India Commercial Vehicles, Automotive Axles Limited etc. Auto Clutches has a sister concern which is operational under the name Perfect Alloys Pvt Ltd and is also involved in the manufacturing of auto components different from the ones manufactured at Auto Clutches.

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NONE**

#### RATING HISTORY

Facilities	Current Rating (2020)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	FY19	FY18	FY17
Fund based	Long term	10.18	BWR BB- Stable Downgrade/ Issuer Non Cooperation	Rating Not Reviewed	BWR BB Stable/ Upgrade	BWR BB- Stable/ Issuer Non Cooperation
Non Fund based	Short term	0.50	BWR A4 Reaffirmation/ Issuer Non Cooperation	Rating Not Reviewed	BWR A4	BWR A4/ Issuer Non Cooperation
<b>Total</b>		<b>10.68</b>	<b>INR Ten Crores and Sixty Eight Lakhs Only</b>			

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

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

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## ANNEXURE I

### *Auto Clutches*

#### 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	Axis Bank	Term Loan	3.18	-	3.18
2		Cash Credit	5.50	-	5.50
3		PCFC		1.50	1.50
4		Bank Guarantee		0.50	0.50
<b>TOTAL</b>					<b>10.68</b>

**Total Rupees Ten Crores and Sixty Eight Lakhs only.**



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