AUTOLINE **AUTOLINE INDUSTRIES LTD.**
Regd. Office : Survey Nos. 313/314, Nanekarwadi, Chakan,
Tel - Khed, Dist. - Pune : 410 501, INDIA
☎ : +91 2135 664865 / 6, Fax : +91 2135 664864.
Website : www.autolineind.com
CIN-L34300PN1996PLC104510

TÜV SÜD IATF 16949

Date: 09/09/2023

To,

The BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001
General Manager, Listing
Corporate Relations Department
BSE - 532797

The National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051
Vice President, Listing
Corporate Relations Department
NSE - AUTOIND

Dear Sir,

Sub: Intimation of Credit Ratings under Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

In Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 we are pleased to inform you that Infomerics Valuation and Rating Pvt. Ltd ("IVR/Infomerics") has assigned & upgraded ratings and outlook to the borrowing facilities availed by the Company.

The delay in submission of the said rating was due to late receipt of the letter.

Sr. No.	**Instrument/ Facility**	**Amount (Rs Crores)**	**Current Ratings**	**Previous Ratings**	**Rating Action**
1	Long Term Bank Facilities	98.81 (enhanced From 90.75)	IVR BB; Stable (IVR Double B with Stable Outlook)	IVR B+/Stable Assigned (IVR B+ with Stable outlook)	Upgraded
2	Short Term Bank Facilities	20.00 (reduced from 20.25)	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Reaffirmed

The letter received is enclosed herewith

Kindly take the above on your record.

For Autoline Industries Limited

SHILPA
PRAMOD
WALUNJ

Digitally signed by SHILPA PRAMOD WALUNJ
DN: c=IN, o=Personal, title=8972,
pseudonym=1332437240902011721pSK8Xvdo0dSNI,
2.5.4.20=8fd7ce2e3cd3c856b848c50131722c7b526d459f2e2e4240ff7358c678abfcf5,
postalCode=412105, st=Maharashtra,
serialNumber=a58db031ccb2201155a5e6b2510a52c2e37315eb14f7d9407bddd947d44b6485,
cn=SHILPA PRAMOD WALUNJ
Date: 2023.09.09 16:58:39 +05'30'

AUTOLINE INDUSTRIES LTD. GAT NO. 313,314 CHAKAN PUNE - 410501

Shilpa Walunj
Company Secretary & Compliance Officer
A38259

Autoline Industries Limited

August 24, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	98.81 (enhanced from 90.75)	IVR BB; Stable (IVR Double B with Stable Outlook)	Revised from IVR B+; Stable (IVR Single B Plus with Stable Outlook)	Simple
Short Term Bank Facilities	20.00 (reduced from 20.25)	IVR A4 (IVR A Four)	Reaffirmed	Simple
Total	**118.81 (Rupees one hundred and eighteen crore and eighty-one lakh only)**			

Details of Facilities are in Annexure 1

Detailed Rationale

The revision in the ratings assigned to the bank facilities of Autoline Industries Limited (AIL) considers sustained rise in its scale of operation in the past two fiscals and asset monetization initiatives which is expected to improve the liquidity of the company in the near term. Further, the ratings continue to derive strength from its experienced promoters, improvement in financial risk profile and healthy order book position. However, these rating strengths continue to remain constrained due to susceptibility of its profitability to volatility in its raw material prices, leveraged capital structure, exposure to cyclicality inherent in auto industry and intense competition in automotive component industry which exert pressure on margins.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in revenue with further improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Further improvement in the capital structure, overall gearing, and debt protection metrics.
- Improvement in liquidity

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators
- Further elongation in the operating cycle and fluctuation in raw material prices impacting the liquidity position of the company.
- Moderation in the capital structure marked by moderation in overall gearing to below 4x

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters

The promoters have long standing experience in automobile parts manufacturing business and have favourable relations with suppliers and customers. Extensive business experience of the promoters supports the business risk profile of the company to a large extent.

Improvement in business performance

The total operating income has shown an upward trend in the past three years with top line increased by ~14% in FY23 from FY22 with increase in demand for products backed by improvement in the auto sector post covid era. Unlike operating income, EBITDA has been negatively impacted due to rise in raw material prices. The EBITDA margin has declined from 7.94% in FY22 to 5.73% in FY23, but the PAT margin has improved from 1.32% in FY22 to 2.30% in FY23 backed by decline in depreciation coupled with decrease in finance charges underpinned by decline in debt levels in FY23.

Improvement in financial risk profile

The debt protection metrices marked by interest coverage remained satisfactory at 1.73x in FY23 (1.78x in FY22). The indebtedness of the company marked by TOL/TNW has improved and stood at 6.74x s on March 31, 2023 as against 15.36x as on March 31, 2022. The total debt/GCA has improved from 10.57 years as on March 31, 2022 to 8.90 years as on March 31, 2023 on the back of decline in debt levels. The liquidity of the company is expected to improve backed by expected inflow from stake sale in subsidiary.

Healthy order book position

AIL has a healthy order book position of Rs.711.25 crore. The company is expecting to complete the orders by the end of this fiscal year.

Asset monetization initiative through stake sale in subsidiary

Autoline Industrial Parks Limited (AIPL), AIL's subsidiary, has entered a strategic MOU with MNSC Realty & Developers Pvt Ltd to sell 98.817 acres and 6.25 acres of land. The sale is set to yield Rs. 113 Crore, with AIPL and other shareholders receiving Rs.105 Crore and Rs. 8 Crore, respectively, over the next few years. As a result, Autoline Industries Ltd. will get Rs. 95.17 Crore through MNSC by Divestment of Investment in Autoline Industrial Parks Ltd (AIL has an investment of Rs. 70.72 Crore in Autoline Industrial Parks Limited (AIPL)). This move will enable AIL to realize a profit of Rs.18.22 Crore on the sale of its investment in AIPL. The proceeds from this transaction is expected to boost AIL's liquidity. Out of the total net proceeds (after making related expenditure) amounting to Rs.90 Crore, AIL is expected to receive approximately Rs.60 crore in FY2024 and the balance by FY25. AIL has already received ~Rs.20 crore in H1FY24.

Key Rating Weaknesses

Profitability remains susceptible to price volatility of raw materials

Steel is the major raw material for the company. Steel prices are highly volatile and prone to fluctuations based on global demand supply situations and other macro-economic factors. Thus, the company's cash flows and profits are susceptible to fluctuation in raw material prices.

Leveraged capital structure

The capital structure marked by overall gearing ratio though improved significantly from 10.01x as on March 31, 2022, to 3.85x as on March 31, 2023, with decline in debt levels and improvement in tangible net worth continues to remain leveraged.

Exposure to cyclicality inherent in auto industry

The company’s business is susceptible to inherent cyclicity as the automotive industry, linked to the performance of the economy.

Intense competition in automotive component industry which exert pressure on margins

Intense competition due to the presence of other automotive component manufacturers, which exerts pricing pressures, is likely to weigh on the company's operating margins. With increasing presence of domestic as well as international players in the automotive ancillary business, the competition had increased over the years.

Analytical Approach: Standalone

Applicable Criteria:

- Criteria for assigning Rating Outlook
- Rating Methodology for Manufacturing Companies
- Financial Ratios & Interpretation (Non- Financial Sector)

Liquidity – Stretched

The liquidity position appears stretched with high working capital intensive nature of business. Th average fund-based utilisation stands high at ~97% for the past 12 months ended July 2023 indicating inadequate liquidity buffer. The current ratio remains below unity in FY23 indicating insufficient liquidity cushion. However, expected cash inflow from stake sale in subsidiary is expected to improve the liquidity of the company in the near term.

About the Company

Autoline Industries Ltd is a listed company (incorporated on December 16, 1996, as Autoline Stampings Private Ltd.) that was initially set up in January 1995 as a partnership firm known as "Autoline Pressings". The registered office of the Company is located at Nanekarwadi, Chakan, Pune. The Company is engaged in manufacturing auto components (sheet metal) and is a supplier to Original Equipment Manufacturers (OEMs) and automobile companies. The Company has three business divisions namely Medium and Large Stamped Assemblies, Mechanical Assembly/Driver Control Systems and Concept, Styling, Designing, Analysis Application Software Services.

Financials (Standalone):

(Rs. crore)

For the year ended* / As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	566.38	646.59
EBITDA	45.00	37.04
PAT	7.50	14.92

For the year ended* / As on	31-03-2022	31-03-2023
Total Debt	232.26	167.11
Tangible Net worth	23.20	43.35
EBITDA Margin (%)	7.94	5.73
PAT Margin (%)	1.32	2.30
Overall Gearing Ratio (x)	10.01	3.85

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (July 26, 2022)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	19.40	IVR BB; Stable (IVR Double B with Stable Outlook)	IVR B+/ Stable (IVR Single B plus with Stable Outlook)	-	-
2.	Term Loan	Long Term	17.53	IVR BB; Stable (IVR Double B with Stable Outlook)	IVR B+/ Stable (IVR Single B plus with Stable Outlook)	-	-
3.	Revolving Working Capital	Long Term	10.00	IVR BB; Stable (IVR Double B with Stable Outlook)	IVR B+/ Stable (IVR Single B plus with Stable Outlook)		
4.	Supply Chain Finance	Long Term	35.00	IVR BB; Stable (IVR Double B with Stable Outlook)	IVR B+/ Stable (IVR Single B plus with Stable Outlook)		
5.	Cash Credit	Long Term	16.88	IVR BB; Stable (IVR Double B with Stable Outlook)	IVR B+/ Stable (IVR Single B plus with Stable Outlook)		
6.	Letter of Credit	Short Term	20.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)		

Name and Contact Details of the Rating Analyst:

Name: Nidhi Sukhani	Name: Avik Podder
Tel: (033) 46022266	Tel: (033) 46022266
Email: nsukhani@infomerics.com	Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	-	-	Sep 2026	19.40	IVR BB/Stable
Long Term Bank Facilities – Term Loan	-	-	Dec 2026	17.53	IVR BB/Stable
Long Term Bank Facilities – Revolving Working Capital	-	-	-	10.00	IVR BB/Stable
Long Term Bank Facilities – Supply Chain Finance	-	-	-	35.00	IVR BB/Stable
Long Term Bank Facilities – Cash Credit	-	-	-	16.88	IVR BB/Stable
Short Term Bank Facilities – Letter of Credit	-	-	-	20.00	IVR A4

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

https://www.infomerics.com/admin/prfiles/len-autoline-aug23.pdf

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.