



Eastman Auto & Power Limited (EAPL)

Instrument	Amount	Rating
	In Crore	As on October 10
Fund Based Limits	20.00	[ICRA]BB+ (Stable)
Term Loan	5.00	[ICRA]BB+ (Stable)
Non-Fund Based Limits	0.40	A4+

ICRA has reaffirmed a rating of [ICRA]BB+ (pronounced as ICRA double B plus) to the Rs 20.00 crore sanctioned Fund Based Limits, Rs 5.00 crores long term loans and a rating of [ICRA]A4+ (pronounced as ICRA A four plus) to the Rs 0.40 crores sanctioned non fund based limits.¹ The long term rating has been assigned a 'Stable' outlook¹.

The ratings continue to reflect the highly competitive nature of the battery manufacturing industry and exposure of Eastman Auto and Power Limited's (EAPL's) profitability to movement in raw material prices, which are likely to result in modest and volatile profitability indicators. While assigning the ratings, ICRA has also noted that EAPL's business of manufacturing batteries is relatively a new set up and is currently in a growing phase; consequently its operating margins are not commensurate with industry peers. Nevertheless the ratings derive comfort from EAPL's experienced management, its established track record in the trading of batteries and the benefits enjoyed by the company from being a part of the Eastman group which include a well- established brand image and a strong distribution network.

Company Profile

EAPL was setup in 2006 by Mr. Shekhar Singhal and is a wholly owned subsidiary of EIL. EAPL manufactures as well as trades in automotive and inverter batteries. The company procures unassembled batteries from India and China. In 2009, the company set up a unit at Solan, Himachal Pradesh, to assemble automotive batteries and also to manufacture batteries. The Solan unit is exempted from excise duty for 10 years till FY 2018-19 and from income tax till 2013-14, and 30% income tax exemption for another five years till FY 2018-19. The Group sells its products under the name 'ADDO' which are endorsed by ex-Indian cricket team captain Kapil Dev.

Eastman Industries Limited or EIL holds 99.9% share in the company. This company was incorporated in 1982 by Mr. J R Singhal. The company trades in cycles and cycle parts, automobile and truck tyres, farm machinery parts, scaffoldings, and batteries. It also manufactures cycle pedals at its unit in Ludhiana. EIL's customers are in Latin America, Africa, the Middle East, and Europe.

Recent Results

The company reported a net profit of Rs 1.43 crores on an operating income of Rs 87.14 crores in FY11 as against net profit of Rs 0.46 crores on an operating income of Rs 32.80 crores in FY10.

March 2012

* For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



For further details please contact:

Analyst Contact:

Mr. Sabyasachi Majumdar (Tel. No. +91-124-4545304)

sabyasachi@icraindia.com

Relationship Contacts:

Mr. Vivek Mathur, (Tel. No. +91-124-4545310)

vivek@icraindia.com

© Copyright, 2012, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. The ICRA ratings are subject to a process of surveillance which may lead to a revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001

Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002

Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91-124-4545350

Mumbai**Mr. L. Shivakumar**

Mobile: **91-22-30470005/9821086490**

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025

Ph : +91-22-2433 1046/ 1053/ 1062/ 1074/ 1086/ 1087

Fax : +91-22-2433 1390

Kolkata**Ms. Anuradha Ray**

Mobile: **91-33-22813158/9831086462**

Email: anuradha@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna, 234/ 3A, A.J.C. Bose Road, Kolkata-700020.

Tel: +91-33-2287 6617/ 8839/ 2280 0008

Fax: +91-33-2287 0728

Chennai**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre, 498 Anna Salai, Nandanam, Chennai-600035.

Tel: +91-44-2433 3293/ 94, 2434 0043/ 9659/ 8080, 2433

0724, Fax:91-44-24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

2 nd Floor, Vayudhoot Chambers, Trinity Circle, 15-16 M.G.Road, Bangalore-560001.

Tel:91-80-25597401/ 4049 Fax:91-80-25594065

Ahmedabad**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,

Ahmedabad- 380006

Tel: +91-79-26585494, 26582008, 26585049, 26584924

TeleFax: +91-79- 2648 4924

Pune**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar, Pune-411 020

Tel : (91 20) 2556 1194 -96; Fax : (91 20) 2556 1231

Hyderabad**Mr. M.S.K. Aditya**

Mobile: **9963253777**

Email: adityamsk@icraindia.com

301, CONCOURSE, 3rd Floor, No. 7-1-58, Ameerpet, Hyderabad 500 016.

Tel: +91-40-2373 5061 /7251 Fax: +91-40- 2373 5152