



**Press Release**  
**LIV GUARD ENERGY TECHNOLOGIES PRIVATE LIMITED**  
**March 26, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	660.00	ACUITE A-   Stable   Assigned	-
Bank Loan Ratings	380.00	-	ACUITE A2+   Assigned
Total Outstanding Quantum (Rs. Cr)	1040.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) and short-term rating of '**ACUITE A2+**' (read as **ACUITE A two plus**) to the Rs. 1040 crore bank facilities of Livguard Energy Technologies Private Limited (LETPL). The outlook is '**Stable**'.

**Rationale for rating**

The rating has been assigned taking cognizance of support of experienced management of the group, established market position of "Livguard" and "Livfast" brand and improvement in performance of the group in FY23, comfortable financial risk profile and adequate liquidity. The rating is constrained by moderately intensive working capital operations, susceptibility of margins to change in raw material price and strong competition. Going forward the improvement in terms of revenue, profitability and the impact on debt protection metrics will remain key rating sensitivities for the group.

**About Company**

Incorporated in 2014, Livguard Energy Technologies Private Limited is engaged in manufacturing and trading of batteries and power suppliers. The directors of the company are Mr. Paresh Chandra Pradhan, Mr. Rakesh Malhotra, Mr. Raghav Ramdev, Mr. Atul Jalota, Mr. Gurpreet Singh Bhatia, Mr. Navneet Kapoor and Ms. Kanika Singal. The registered office is located Haryana.

**About the Group**

Incorporated in 2012, Livguard Batteries Private Limited (LBPL) was a Gurugram-based company promoted by Mr. Gurpreet Singh Bhatia, Mr. Navneet Kapoor, Mr. Raghav Ramdev and Mr. Paresh Chandra Pradhan. The operations were commenced in the year 2015. The company was engaged in manufacturing of batteries for application in automotive, inverters and e rickshaw. LBPL also manufactures power electronic products like inverters and voltage stabilizers among others for the domestic market. The company had four manufacturing units, three located in Himachal Pradesh and one in Haryana. LBPL was a part of Livguard Group and OEM for Livguard Energy Technologies Private Limited (LETPL) incorporated in 2014 and Livfast Batteries Private Limited (LFBPL) incorporated in 2018. These two companies are having pan India presence and operating with 600+ distributors each in both the companies, with a dealer base of 20,000 each in both the companies. The group is selling its products under the brand name of "Livguard" and "Livfast".

Livguard Batteries Private Limited got amalgamated in LETPL on 1 October 2023 in order to bring manufacturing and distribution business under one company for better synergies.

**Livfast Batteries Private Limited**

Incorporated in 2018, Livfast Batteries Private Limited is engaged in manufacturing and

trading of batteries and power suppliers. The directors of the company are Mr. Gurpreet Singh Bhatia and Mr. Navneet Kapoor. The registered office is located Delhi. The company is subsidiary of LETPL.

### Unsupported Rating

Not Applicable

### Analytical Approach

#### Extent of Consolidation

- Full Consolidation

#### Rationale for Consolidation or Parent / Group / Govt. Support

Team has considered the consolidated business and financial risk profiles of Livguard Energy Technologies Private Limited (LETPL) and its subsidiaries listed below:

1. Livfast Batteries Private Limited (LBPL) (Subsidiary)
2. Livguard Drivetrain Private Limited (Subsidiary w.e.f. from 02 March 2023)
3. Sunswitch India Private Limited (Subsidiary)
4. Nirvana International Holdings Pte Limited (Subsidiary)
5. Landmark Battery Innovation Inc. (Step Down Subsidiary)
6. Wynncom Digital Devices Private Limited (Step Down Subsidiary)
7. Thingscloud Technologies Private Limited (Subsidiary)

Collectively the group is referred to as 'Livguard Group'. The consolidation is on account of common management, same value chain with business line synergies within the group.

### Key Rating Drivers

#### Strengths

##### Experienced management and leading battery manufacturing operations

Livguard Group commenced the battery business in 2014, whereas it started the commercial production in 2015. Group started manufacturing operations with automotive batteries and added other kinds of batteries such as e-rickshaw batteries, inverter batteries and solar batteries during the period 2016 to 2020. The promoters, Mr. Rakesh Malhotra and Mr. Navneet Kapoor have an established track record of manufacturing lead acid batteries for more than one and half decade through their previous venture 'Luminous Power Technologies Private Limited' which was completely sold to Schneider Electric in the year 2017. The promoters launched the brands 'Livguard' and 'Livfast' for automotive batteries and later expanded the same brands for inverter, inverter batteries, solar batteries and other products. Livguard Batteries Private Limited (LBPL) was the manufacturing arm for Livfast Batteries Private Limited (LFBPL) and Livguard Energy Technologies Private Limited (LETPL), while the two companies are engaged in the distribution of the products across the country. Currently LBPL stands amalgamated with LETPL making LETPL the manufacturing and trading arm of the group while LFBPL continues its trading activity. Currently, the day to day operations of the group is managed by a strong second line of management. Livguard group benefits from its established presence in the market, backed by network of more than 600 distributors supplying to more than 10,000+ dealers across the country. The extensive experience of the promoters is also reflected through the healthy ramp-up of operations. The operating income of the group has reached Rs. 3955.24 Cr. in FY 2023 on the back of increased demand and improved realization. Acuité believes that the group will continue to benefit owing to the extensive experience of the promoters and established brand name in the battery industry.

##### Moderate Financial Risk Profile

Financial risk profile is moderate marked by moderate net worth and comfortable debt protection metrics. Tangible net worth stood at Rs. 387.30 Cr. as on 31<sup>st</sup> March 2023. Total debt has increased and stood at Rs. 449.80 Cr. in FY 2023 as against Rs. 428.64 Cr. in FY 2022. Total debt of Rs. 449.80 Cr. in FY 2023 consists of Rs. 80.77 Cr. of long term debt, Rs. 330.83 Cr. of working capital borrowings and Rs. 37.69 Cr. of CPLTD. Consequently, Debt to Equity ratio

has increased from 0.95 times in FY 2022 to 1.16 times in FY 2023 on account of more debt taken for CAPEX. Interest Coverage Ratio has improved from 2.39 times in FY 2022 to 3.16 times in FY 2023 similarly, DSCR has improved from 1.22 times in FY 2022 to 1.68 times in FY 2023 due to improvement in profitability levels. TOL/TNW has moderated from 2.95 times in FY 2022 to 4.20 times in FY 2023 while Debt-EBITDA has improved from 4.71 times in FY 2022 to 2.57 times in FY 2023.

## **Weaknesses**

### **Moderately Intensive Working Capital Management**

The group has moderately working capital intensive nature of operations and has observed improvement as compared to previous year as evident from gross current assets (GCA) of 146 days for FY2023 as against 179 days for FY 2022. The team has observed improvement when compared to previous year's numbers and the improvement is majorly on account of improved debtor holding period and improved inventory period. Debtors' days stood at 65 days for FY2023 as against 79 days in the previous year, while inventory days stood at 65 days in FY 2023 as against 83 days for FY2022. Creditors payment period also improved to 117 days as on 31st March 2023. Higher sales value during last quarter with an average debtors realisation period of 45 days resulted in high amount of debtors (Rs. 694.55 crore) as on March 31, 2023. Demand for inverter and batteries is seasonal and peaks during summer when power cuts are frequent. Thus, sales of inverters and batteries bunch up during the last quarter of the fiscal (ending in March) and the first quarter of the next fiscal (ending June), and remains comparatively leaner for the rest of the year. Further, current ratio of the group stood at 1.07 times for FY2023. Average fund based bank Limit utilization stood at 78.80% and non fund based stood at 76.25% for the period between Jan 2023 and December 2023.

### **Susceptibility to fluctuations in raw material cost and Intense competition in some battery segments**

Operating margin is susceptible to fluctuations in prices of inputs, mainly Lead, which accounts for more than 70 percent of total raw material cost. The operating margins are also dependent on prices of raw material (i.e. lead) which is highly volatile in nature. The increase in prices of 'Lead' led to moderation in operating margins of the group in FY 2022. It is exposed to intense competition in the replacement battery market in the automobile segment from the market leaders.

## **Rating Sensitivities**

- Improvement in scale of operations.
- Improvement in Profitability margins.
- Substantial improvement in financial risk profile

## **Liquidity Position**

### **Adequate**

Group's liquidity position is adequate. In FY 2023 group generated net cash accruals of Rs. 93.74 Cr. against maturing debt obligation of Rs. 33.23 Cr. Going forward group is expected to generate NCA of Rs. 68.24 Cr. and Rs. 117.95 Cr. against maturing debt obligation of Rs. 37.69 Cr. and Rs. 55.90 Cr. in FY 2024-25 respectively. Out of total investments of Rs. 80.15 Cr. in fixed deposits, Rs. 40 Cr. is unencumbered while rest of the amount is lien marked as margin money. In FY 2023 cash and bank position stood at Rs. 45.97 Cr. Group has total fund based working capital limits of Rs. 425 Cr. wherein average utilization stood at 78.80% for the period between Jan 2023 and December 2023 giving the group buffer of Rs. 93.50 Cr. for working capital support.

## **Outlook: Stable**

Acuité believes that the Livguard group will continue to derive benefit over the medium term due to its extensive experience of promoters and strong brand position in the industry. The outlook may be revised to 'Positive', if the group registers higher-than expected growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative', in case the group registers lower-than-expected growth in revenues and profitability or in case of

deterioration in the group's financial risk profile or significant elongation in working capital cycle.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	3955.24	2663.74
PAT	Rs. Cr.	62.85	8.46
PAT Margin	(%)	1.59	0.32
Total Debt/Tangible Net Worth	Times	1.16	0.95
PBDIT/Interest	Times	3.16	2.39

### Status of non-cooperation with previous CRA (if applicable)

None

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

### Rating History :

Not Applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	100.00	ACUITE A-   Stable   Assigned
DBS Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	75.00	ACUITE A-   Stable   Assigned
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	75.00	ACUITE A-   Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A-   Stable   Assigned
HSBC	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A-   Stable   Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A-   Stable   Assigned
IDFC First Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A-   Stable   Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	25.00	ACUITE A-   Stable   Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A-   Stable   Assigned
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A-   Stable   Assigned
Yes Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A2+   Assigned
RBL Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	80.00	ACUITE A2+   Assigned
Standard Chartered Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	60.00	ACUITE A2+   Assigned



Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	90.00	ACUITE A2+   Assigned
ICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A2+   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A2+   Assigned
Bajaj Finance Ltd.	Not avl. / Not appl.	Term Loan	16 Nov 2023	Not avl. / Not appl.	05 Nov 2029	Simple	57.33	ACUITE A-   Stable   Assigned
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	01 Aug 2018	Not avl. / Not appl.	24 Dec 2025	Simple	9.14	ACUITE A-   Stable   Assigned
IDFC First Bank Limited	Not avl. / Not appl.	Term Loan	31 Dec 2022	Not avl. / Not appl.	25 Dec 2027	Simple	69.90	ACUITE A-   Stable   Assigned
Federal Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	07 May 2022	Not avl. / Not appl.	07 May 2028	Simple	14.99	ACUITE A-   Stable   Assigned
IDFC First Bank Limited	Not avl. / Not appl.	Working Capital Term Loan	17 Mar 2021	Not avl. / Not appl.	28 Feb 2026	Simple	3.83	ACUITE A-   Stable   Assigned
RBL Bank	Not avl. / Not appl.	Working Capital Term Loan	29 Mar 2021	Not avl. / Not appl.	29 Mar 2026	Simple	9.81	ACUITE A-   Stable   Assigned

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

1. Livguard Energy Technologies Private Limited (LETPL)
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3. Livguard Drivetrain Private Limited (Subsidiary w.e.f. from 02 March 2023)
4. Sunswitch India Private Limited (Subsidiary)
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7. Wynncom Digital Devices Private Limited
8. Thingscloud Technologies Private Limited



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### About Acuité Ratings & Research

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