



## Press Release

### Accurate Industrial Controls Private Limited (AICPL)

September 08, 2022

#### Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term bank facility – Foreign currency term loan	7.74 (Reduced from 11.70)	IVR BBB-/ Stable	Reaffirmed; Removed From Credit Watch	Simple
Long term bank facility – Cash Credit	10.00	IVR BBB-/ Stable	Reaffirmed; Removed From Credit Watch	Simple
Long term bank facility – Proposed	4.51 (Increased from 0.55)	IVR BBB-/ Stable	Reaffirmed; Removed From Credit Watch	Simple
Short term bank facility – LC/BGs	42.00	IVR A3	Reaffirmed; Removed From Credit Watch	Simple
<b>Total</b>	<b>64.25</b>			

Details of facilities are in Annexure 1

#### Detailed Rationale

The rating of Accurate Industrial Controls Private Limited (AICPL) has been reaffirmed, removed from Credit Watch with Developing Implications and Assigned Stable Outlook on account of improvement in total operating income of FY22, the company has healthy order book position providing near term revenue visibility further the debt protection matrix has also improved in FY22.

Further rating continues to derive comfort from experienced management and long track record of operation, healthy financial risk profile and established clientele albeit high customer concentration risk. However, these rating strengths remain constrained by working capital-intensive operations, exposure to foreign exchange risk and intense competition.

#### Key Rating Sensitivities:

##### Upward Factor:

- Substantial scaling up its operations while improving profitability margins.



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### **Downward Factor:**

- Deterioration in business risk profile which impacts the debt protection metrics.

### **Detailed Description of Key Rating Drivers**

#### **Key Rating Strengths**

##### **Experienced management and long track record of operations**

AICPL is promoted by Mr. Kiran Jadhav. He is the Managing Director of the company. Mr. Kiran has more than two decades of experience in engineering industry. Having operated in industry since years now, the management has established a strong network with suppliers and customers.

##### **Healthy Financial Risk Profile**

Financial risk profile of the company is healthy marked by comfortable overall gearing and other debt coverage indicators. The overall gearing ratio of the Company stood at 0.55x as on March 31, 2022 (Provisional) as against 0.74x as on March 31, 2021. The TOL to Adjusted TNW stood healthy at 0.83x for FY22 (Provisional). The Interest coverage ratio stood healthy at 2.57x in FY22 (Provisional) as against 3.93x in FY21.

##### **Established clientele albeit high customer concentration risk**

The company, over the years, has developed an established relationship with large customers & OEM's. Key clients of the company include Adande Refrigeration Limits, Reliance Jio Infocomm Limited Ltd and Bharat Electronics Limited. This is a strength for the company considering the B2B nature of the business and its diversified client base. However, top five customers contribute ~ 85% of its total revenue which indicates a high customer concentration risk.

#### **Key Rating Weaknesses**

##### **Working capital-intensive operations**

AIPL's business has moderately large working capital requirements, as reflected in the collection period of 110 days as on March 31, 2022(P) as against the average creditor days of 54 days for FY2022(P), implying working capital intensive operations. Moreover, the



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average working capital limits utilization stood at ~83% during the last 12 months period ended June'2022 leaving moderate liquidity buffer from its working capital limits.

### **Exposure to foreign exchange risk**

AICPL's ~20% raw material is imported, and company also has term loans in foreign currency which increases foreign currency risk of the company on its payables. However, company also does the export sales which reduces the foreign currency risk. The unhedged foreign currency exposure as on June 2022 stood at Rs.1.64 crore.

### **Intense Competition**

The company faces stiff competition from large, organised players and local panel manufacturing companies.

**Analytical Approach:** Standalone Approach

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on assigning rating Outlook](#)

### **Liquidity - Adequate**

The liquidity position of the company is expected to remain adequate in the near term, as company is generating sufficient cash accruals against its long-term debt obligations. Further, the company's current ratio and liquidity ratio stood at 1.88x and 1.20x respectively as on March 31, 2022(P). However, as the company's operations are working capital intensive in nature it leads to higher reliance on the working capital limits. The average bank limit utilization stood at approximately 83% for twelve months ended June 2022.

### **About the Company**

Accurate Industrial Controls Private Limited (AICPL) was incorporated in 2001 in Pune, Maharashtra based diversified engineering, design and manufacturing company catering to Industrial Controls and Automation, Telecom, Automotive, Power Solutions for Indian Defence



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Embedded Electronics and IOT, Industrial Refrigeration, Renewable Energy and Hospitality Sectors with many MNCs. AICPL is into agreement with Adande Refrigeration, UK to manufactures industrial refrigeration.

### Financials (Standalone)

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Provisional
Total Operating Income	88.61	110.56
EBITDA	12.19	9.47
PAT	5.68	2.29
Total Debt	43.97	37.96
Tangible Networth	60.78	70.19
EBITDA Margin (%)	13.76	8.57
PAT Margin (%)	6.26	2.03
Overall Gearing Ratio (x)	0.74	0.55

\* Classification as per Infomerics' standards

**Details of Non-Co-operation with any other CRA:** Vide Press release dated February 26, 2022 CRISIL has moved the ratings to non-cooperation category.

**Any other information:** N.A.

**Rating History for last three years:**



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Dated June 10, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Foreign Currency Term Loan	Long Term	7.74	IVR BBB-/ Stable	IVR BBB-/ Credit Watch with Developing Implication	-	-
2.	Cash Credit	Long Term	10.00	IVR BBB-/ Stable	IVR BBB-/ Credit Watch with Developing Implication	-	-
3.	Proposed	Long Term	4.51	IVR BBB-/ Stable	IVR BBB-/ Credit Watch with Developing Implication	-	-
4.	LC/BGs	Short Term	42.00	IVR A3	IVR A3/ Credit Watch with Developing Implication	-	-

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent,



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robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit [www.infomerics.com](http://www.infomerics.com)

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### 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 Fund Based Facility – Foreign Currency Term Loan	-	-	-	7.74	IVR BBB-/ Stable
Long Term Fund Based Facility – Cash Credit	-	-	-	10.00	IVR BBB-/ Stable
Long Term Fund Based Facility – Proposed Bank Facility	-	-	-	4.51	IVR BBB-/ Stable
Short Term Non Fund Based Facility – LC/BGs	-	-	-	42.00	IVR A3

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

**Annexure 3: Facility wise lender details:** <https://www.infomerics.com/admin/prfiles/LENDER-AICPL-08-09-22.pdf>



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**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](http://www.infomerics.com).