



Press Release

Accurate Industrial Controls Private Limited (AICPL)

March 29, 2024

Ratings:

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities – Term loans	9.92 (Increased from Rs 7.74 crore)	IVR BBB-/ Negative (IVR Triple B minus With Negative Outlook)	Upgraded & removed from Issuer not cooperating category.
Long term Bank Facilities- Cash Credit	18.00 (Increased from Rs 10 crore)	IVR BBB-/ Negative (IVR Triple B minus With Negative Outlook)	Upgraded & removed from Issuer not cooperating category.
Short Term Bank Facilities	52.00 (Increased from Rs 42 crore)	IVR A3 (IVR A Three)	Upgraded & removed from Issuer not cooperating category.
Proposed Long/Short Term	46.61 (Increased from Rs 4.51 crore)	IVR BBB-/ Negative, IVR A3 (IVR Triple B minus With Negative Outlook, IVR A Three)	Upgraded & removed from Issuer not cooperating category.
Total	126.53 (One hundred & twenty six crore and fifty three lakhs)		

Details of Facilities are in Annexure 1

Detailed Rationale:

The ratings for bank facilities of Accurate Industrial Controls Private Limited (AICPL) continue to derive strength from experienced management and long track record of operations and established clientele albeit high customer concentration risk. However, these rating strengths



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remain constrained by working capital-intensive operations, moderate financial risk profile, exposure to foreign exchange risk and intense competition.

Infomerics has assigned negative outlook to the rating. The profitability margins have been declining on YOY basis. To mitigate this, the company has planned to diversify into other segments like defence and energy, where company has started bidding for manufacturing gensets and automation products for the Indian Defence sector. However, the results of the same shall be reflected FY24 onwards which are yet to be seen.

Key Rating Sensitivities:

Upward Factors:

- Substantial scaling up its operations while improving profitability margins.

Downward Factors:

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

Key Rating Drivers with detailed description:

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.

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 ~ 80% of its total revenue which indicates a high customer concentration risk

Key Rating Weaknesses:

Working capital-intensive operations

AICPL's business has moderately large working capital requirements, as reflected in the collection period of 101 days as on March 31, 2023 as against the average creditor days of 57 days for FY2023, implying working capital-intensive operations. Moreover, the average



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working capital limits utilization stood at ~73% during the last 12 months period ended Dec'2023 leaving moderate liquidity buffer from its working capital limits.

Moderate Financial Risk Profile

Financial risk profile of the company is moderate marked by moderate overall gearing and other debt coverage indicators. The overall gearing ratio of the Company stood at 1.81x as on March 31, 2023 as against 0.81x as on March 31, 2022. The TOL to Adjusted TNW stood healthy at 2.22x for FY23. The Interest coverage ratio stood moderate at 0.37x in FY23 as against 2.38x in FY22.

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.

Intense Competition

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

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Sector Companies](#)

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

[Criteria for rating outlook](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate in the near term, as company is generating moderate cash accruals against its long-term debt obligations. 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 73% for twelve months ended Dec 2023.



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

Financials: Standalone

(Rs. crore)

For the year ended/* As On	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	110.57	132.69
EBITDA	8.95	3.31
PAT	2.51	1.64
Total Debt	47.95	147.27
Adjusted Tangible Net-worth	60.13	84.96
Ratios		
EBITDA Margin (%)	8.10	2.50
PAT Margin (%)	2.21	1.11
Overall Gearing Ratio (x)	0.78	1.69

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Vide Press release dated April 19, 2023 CRISIL has moved the ratings to non-cooperation category on account of non-availability of information.

Any other information: Not Applicable



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Rating History for last three years:

Sr. No.	Name of 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 2023-24 (Sep 29, 2023)	Date(s) & Rating(s) assigned in 2022-23 (Sep 08, 2022)	Date(s) & Rating(s) assigned in 2021-22 (June 10, 2021)
1.	Long Term Bank Facilities – Term loans	Long Term	9.92	IVR BBB-/ Negative	IVR BB+/Negative Outlook; ISSUER NOT COOPERATING*	IVR BBB-/ Stable	IVR BBB-/ CWDI
2.	Long term Bank Facilities- Cash Credit	Long Term	18.00	IVR BBB-/ Negative	IVR BB+/Negative Outlook; ISSUER NOT COOPERATING*	IVR BBB-/ Stable	IVR BBB-/ CWDI
3.	Short Term Bank Facilities	Short Term	52.00	IVR A3	IVR BB+/Negative Outlook; ISSUER NOT COOPERATING*	IVR BBB-/ Stable	IVR BBB-/ CWDI
4.	Proposed Long/Short Term	Long/Short Term	46.61	IVR BBB-/ Negative, IVR A3	IVR A4+; ISSUER NOT COOPERATING*	IVR A3	IVR A3

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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



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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.

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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 Bank Facilities – Term loans	-	-	FY2026	9.92	IVR BBB-/ Negative
Long term Bank Facilities- Cash Credit	-	-	-	18.00	IVR BBB-/ Negative
Short Term Bank Facilities	-	-	-	52.00	IVR A3
Proposed Long/Short Term	-	-	-	46.61	IVR BBB-/ Negative, IVR A3

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



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Annexure 3: Facility wise lender details: <https://www.infomerics.com/admin/prfiles/Len-AICPL-29mar2024.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 based on complexity and a note thereon is available at www.infomerics.com.

