



Press Release
Ionisation Filtration Industries Private Limited
August 05, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.94	ACUITE BB Stable Assigned	-
Bank Loan Ratings	4.50	ACUITE BB Stable Reaffirmed	-
Bank Loan Ratings	11.56	-	ACUITE A4+ Assigned
Bank Loan Ratings	7.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	30.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.11.50 crore bank facilities of Ionisation Filtration Industries Private Limited (IFIPL). The outlook remains '**Stable**'.

Further, Acuite has assigned the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.18.50 crore bank facilities of Ionisation Filtration Industries Private Limited (IFIPL). The outlook is '**Stable**'.

Rational for rating Reaffirmation

The rating reaffirmation considers the company's stable operating and financial performance. The rating continues to derive comfort from the established experience of the management and its established relationship with its clients. The company's operating income grew to Rs. 70.16 Cr. in FY2024 (Prov.) as against Rs. 37.61 Cr. in FY2023. The PAT margins stood at 4.65 percent in FY2024 (Prov.) as against 3.12 percent in FY2023. Going ahead, the company's ability to increase its revenue and profitability margins while maintaining its efficient working capital cycle will be a key rating monitorable.

About the Company

IFIPL incorporated in 2001, is a Pune based company engaged in manufacturing and trading of air pollution control equipments and provides allied services, i.e. application engineering, design, supervision of erection & commissioning and maintenance contracts for various equipments. The applications offered by IFIPL covers various industries such as Power, Cement, Steel, Pulp and Paper, Fertilizer, Sugar and Glass.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of IFIPL to arrive at the rating

Key Rating Drivers

Strengths

Experienced management with an established track record of operations and reputed clientele

IFIPL has an operational track record of over two decades. It is promoted by Mr. Vivek Joshi who possess an extensive experience of over three decades in the air pollution control equipment industry. He is supported by his wife Mrs. Swati Joshi (Executive Director) who possess nearly two decades of experience in the same industry. The promoter and director are being supported by its team of experienced professionals in managing day to day operations of IFIPL. The extensive experience of the management has enabled IFIPL to establish a healthy relationship with its reputed clienteles like ACC Cement, Ambuja Cement, Ultratech Cement, Jaypee Group, Larsen & Toubro, JSW Steel, Thyssenkrupp, Beumer Group amongst others.

Acuité believes that IFIPL will continue to benefit from its experienced management with an established track record of operations and its reputed clientele.

Improving operating performance

The revenue of the company stood increased at Rs.70.06 crore in FY24 (Prov.) compared to revenue of Rs.37.61 crore in FY23. The revenue of the company increased in FY24 (Prov.) on account of increased demand primarily from cement industry clientele. The company has established relationships with its reputed clients like UltraTech cement, Dalmia cement and Adani cement to name a few. The operating profit margin of the company marginally decreased and stood at 7.24 percent in FY24 (Prov.) compared against 8.75 percent in FY23. The PAT margin of the company stood higher at 4.65 percent in FY24 (Prov.) compared to 3.12 percent in FY23.

Acuite believes that going ahead the company's ability to improve revenue and profitability margins would be a key rating monitorable.

Moderately efficient Working capital operations

IFIPL has improved its working capital management with average gross current asset (GCA) days standing over 104 days during FY22 to FY24. GCA days decreased and stood at 53 days in FY2024 (Prov.) against 130 days in FY2023 due to decrease in inventory days. Inventory days stood at 24 days in FY2024 (Prov.) against 53 days in FY2023.. The inventory for FY23 increased due to customers not collecting their orders on time due to weather associated constraints. The debtor days stood lower at 28 days for FY24 (Prov.) against 67 days for FY23. The average credit period allowed to the customers is around 30-45 days. The creditor days of the company stood at 73 days for FY24 (Prov.) as against 80 days for FY23. The average credit period allowed by the suppliers is around 60-90 days. The average bank limit utilisation for 07 months period ended May 2024 however stood at ~96.10 per cent for fund-based limits and ~73.28 per cent for non-fund based limits.

Acuité believes that the ability of IFIPL to maintain its efficient working capital cycle over the medium term will remain a key rating sensitivity factor.

Weaknesses

Below average financial risk profile

IFIPL has below average financial risk profile marked by low net worth, average gearing and average debt protection metrics. IFIPL's net worth stood marginally improved to Rs. 8.33 crore as of March 31, 2024(Prov) against Rs. 5.17 crore as of March 31, 2023, on account of accretion of profits to reserves. The company's gearing stood at 2.44 times as on March 31,2024 (Prov.) as against 3.20 times as on March 31, 2023 on account of subsequent increase in the long term and short term debt availed from multiple banks. The company's total debt as on March 31,2024 (Prov.) stood at Rs. 20.37 crore as compared to Rs. 16.53 crore as on March 31, 2023; comprising of long-term debt of Rs. 7.17 crore, short-term debt of Rs. 9.36 crore and Unsecured loans from promoters/directors of Rs. 3.85 crore. TOL/TNW stood at 3.85

times as on March 31, 2024 (Prov.). The interest coverage ratio of the company stood at 3.26 times in FY24 (Prov.) against 3.12 times in FY23. DSCR stood marginally lower at 1.94 times in FY2024 (Prov.) against 2.13 times in FY2023.

Acuité believes that ability of IFIPL to improve its financial risk profile over the medium term will remain a key rating sensitivity factor.

Rating Sensitivities

- Ability to maintain scale of operations and profitability
- Ability to improve financial risk profile
- Ability to improve and maintain an efficient working capital cycle

Liquidity Position Adequate

IFIPL's liquidity position is adequate backed by sufficient net cash accruals against repayment obligations. The company generate net cash accrual of Rs. 3.95 Cr. in FY2024 (Prov.) against maturing debt repayment obligation of Rs. 1.16 Cr. for the same period. Going forward the NCA are expected in the range of Rs.5 Cr. to Rs.8 Cr. for period FY2025-FY2026 against its repayment obligation of around Rs.2 Cr. to Rs. 3 Cr. during the same period. The cash and bank balances of the company stood at Rs. 0.08 Cr. as on March 31, 2024 (Prov.). The current ratio stood at 1.24 times as on March 31, 2024 (Prov.). The working capital operations of the company are efficiently marked by its gross current asset (GCA) days of 53 days for FY2024 (Prov.) as against 130 days for FY2023.

Acuité believes that going forward the liquidity of IFIPL is likely to remain adequate over the medium term on account of sufficient cash accruals against its maturing debt obligations.

Outlook: Stable

Acuité believes that IFIPL will maintain 'Stable' outlook over the medium term on account of its experienced management with an established track record of operations and reputed clientele. The outlook may be revised to 'Positive' in case of significant and sustained growth in revenue and profitability while effectively managing its working capital cycle and keeping the debt levels moderate. Conversely, the outlook may be revised to 'Negative' in case of lower than expected growth in revenue or deterioration in the financial and liquidity profile most likely as a result of higher than envisaged working capital requirements

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	70.16	37.61
PAT	Rs. Cr.	3.26	1.17
PAT Margin	(%)	4.65	3.12
Total Debt/Tangible Net Worth	Times	2.44	3.20
PBDIT/Interest	Times	3.26	3.12

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

Not Applicable

Any other information

None

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 May 2023	Cash Credit	Long Term	2.00	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Cash Credit	Long Term	2.50	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Bank Guarantee/Letter of Guarantee	Short Term	7.00	ACUITE A4+ (Reaffirmed)
21 Feb 2022	Bank Guarantee/Letter of Guarantee	Short Term	7.92	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BB- Stable (Reaffirmed)
	Term Loan	Long Term	0.36	ACUITE BB- Stable (Reaffirmed)
	Term Loan	Long Term	0.22	ACUITE BB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.00	ACUITE A4+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.56	ACUITE A4+ Assigned
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE BB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.50	ACUITE BB Stable Reaffirmed
Saraswat Bank	Not avl. / Not appl.	Term Loan	22 Sep 2023	Not avl. / Not appl.	22 Sep 2030	Simple	6.94	ACUITE BB Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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