

December 30, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	1.20	SMERA B+/Stable (Assigned)
Cash Credit	26.05*	SMERA B+/Stable (Assigned)
Bank Guarantee	8.85**	SMERA A4 (Assigned)
Letter of Credit	1.50	SMERA A4 (Assigned)

*Includes project specific CC- Rs.12.00 crore

** Includes project specific BG – Rs.1.85 crore

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned bank facilities of Air Control and Chemical Engineering Company Limited (ACCECL). The outlook is '**Stable**'. The ratings are constrained by the company's modest-scale of operations and weak financial risk profile marked by high gearing, low interest coverage and decline in operating profits. The rating is further constrained by the stretched liquidity position and working capital intensive operations. However, the ratings are supported by the company's established operations and experienced management. The ratings also draw comfort from the company's reputed clientele and healthy order book position.

Rating Sensitivity Factors

- Ability to scale up operations and profitability
- Timely receipt of payments from clients
- Improved capital structure
- Efficient working capital management

Outlook: Stable

SMERA believes ACCECL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established relations with clients. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while achieving sustained improvement in working capital management. The outlook may be revised to 'Negative' in case of significant decline in the company's revenues and profit margins.

About the Company

ACCECL, incorporated in 1961, is a Gujarat-based company owned and managed by Mr. B. R. Daga and Mr. Vishal Daga. The company, apart from providing turnkey solutions in refrigeration and air-conditioning, is also engaged in the manufacturing of compressors and fans.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Air Control and Chemical Engineering Company Limited (ACCECL)

*Rating
Rationale*

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