



**Press Release**  
**Sidwal Refrigeration Industries Private Limited**  
**October 11, 2024**  
**Rating Upgraded & Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUITE A-   Upgraded & Withdrawn	-
Bank Loan Ratings	18.00	-	ACUITE A2+   Upgraded & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	35.00	-	-

**Rating Rationale**

Acuite has upgraded and withdrawn the long term rating to '**ACUITE A-**' (read as **ACUITE A Minus**) from '**ACUITE BB-**' (read as **ACUITE double B Minus**) and the short term rating to '**ACUITE A2+**' (read as **ACUITE A two Plus**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 35.00 crore bank facilities of Sidwal Refrigeration Industries Private Limited (SRIPL).

The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NOC (No Objection Certificate) received from the banker.

**Rationale for Upgrade**

The rating upgrade reflects substantial improvement in the operating performance of the company over the past few years.. The operating income of the company increased to Rs. 479.94 Cr. in FY2024 from Rs.422.45 Cr. in FY2023 and Rs.288.66 Cr in FY2022. The rating also takes note of the established track record of the company of over 5 decades in the railway industry along with its association with reputed clientele. Further, it considers SRIPL's healthy financial risk profile marked by healthy network, debt protection metrices and low gearing level. SRIPL's network stood at Rs.315.51 Cr. as on 31 March 2024.

Furthermore, the company has a healthy order book position of Rs. 962.70 Cr. as of 31st April 2024, which is ~2 times of its FY2024 operating income, thereby reflecting revenue visibility in the near to medium term.

However, the rating remains constrained on account of SRIPL's working capital-intensive nature of operations and its exposure to competition from other players in the industry.

### **About the Company**

Sidwal Refrigeration Industries Private Limited (SRIPL), incorporated in 1974, is a New Delhi-based company promoted by Mr. SS Sidhu. Sidwal Refrigeration Industries Private Limited provides comprehensive services in designing, system engineering, supply, testing, installation, and commissioning of air-conditioning and cooling solutions. SRIPL was acquired by Amber Group in 2019.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuite has considered a standalone approach to arrive at the rating of Sidwal Refrigeration Industries Private

## Key Rating Drivers

### Strengths

#### Improved Operating Performance

The company reported improvement in revenue to Rs. 479.94 Cr. in FY2024 as against Rs. 422.45 Cr. in FY2023 and Rs.288.66 Cr. in FY2022. The increase in revenue is on account of increase in supply of systems, installations and long-term contracts with reputed clientele. The company further has reputed clientele like Integral Coach Factory (ICF), Medha Servo Drives Pvt. Ltd, Rail Coach Factory (RCF) etc. The company had also expanded into metro segment for supplying air-conditioning and cooling solutions.

The company has maintained healthy operating profit margin which stood at 20.17 percent in FY2024 as compared to 22.79 percent in FY2023 and 23.67 percent in FY2022. The PAT margin stood at 14.68 % in FY2024 as against 17.58 % in FY2023.

#### Healthy Financial Risk Profile

The financial risk profile of the company is healthy marked by healthy net worth, low gearing and healthy debt protection metrics. The Company's networth increased to Rs.315.51 Cr. as on 31 March 2024 as against Rs.242.26 Cr. as on 31 March 2023 on account of accretion of profit to the reserves. The capital structure of the entity remains stable with the gearing of 0.10 times as on 31 March 2024 as against 0.01 times as on 31 March 2023. The total debt of the company stood at Rs.31.37 crore as on March 31, 2024 as against Rs. 2.29 Cr. as on 31 March 2023. The debt protection metrics despite decline stood healthy as reflected by the Debt Service Coverage Ratio (DSCR) at 45.72 times for FY24 against 85.91 times for FY23 & Interest Coverage Ratio (ICR) of 164.68 times for FY24 as against 219.91 times for FY23. The total outside liabilities to tangible net worth (TOL/TNW) of the company remains moderate at 0.36 times for FY24 as against 0.25 times for FY23.

### Weaknesses

#### Working Capital Intensive nature of Operations

The working capital operations of the SRIPL are intensive marked by high GCA days of 189 days on March 31, 2024 as against 185 days on March 31, 2023. The inventory days stood at 66 days on March 31, 2024 as against 68 days on March 31, 2023. The debtor days stood at 101 days as on 31<sup>st</sup> Mar 2024. The company has reputed clientele base with clients like Integral Coach Factory (ICF), Medha Servo Drives Pvt. Ltd, Rail Coach Factory (RCF) etc. Creditor days stood at 65 days as on March 31, 2024 as against 56 days on March 31, 2023. However, the reliance on working capital limits remained low with average utilization of ~36% over the last 9 months ending March 2024.

#### Rating Sensitivities

Not Applicable

#### Liquidity Position

##### Adequate

The company has an adequate liquidity position as reflected by generation of sufficient net cash accruals against the maturing debt obligations. The company has generated net cash accruals worth Rs. 75.30 Cr. in FY2024 as against nominal maturing debt obligation. The unencumbered cash and bank balance of the company stood at Rs.11.64 Cr. on March 31, 2024 as against 5.22 Cr. on March 31, 2023. The current ratio stood at 2.19 times as on March 31, 2024 as against 4.22 times on March 31, 2023. Further, the reliance on working capital limits remained low with average ~36% utilization of the working capital limits over the past 9 months ending March 2024.

#### Outlook: Not Applicable

#### Other Factors affecting Rating

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	479.94	422.45
PAT	Rs. Cr.	70.47	74.26
PAT Margin	(%)	14.68	17.58
Total Debt/Tangible Net Worth	Times	0.10	0.01
PBDIT/Interest	Times	164.68	219.91

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Sep 2023	Cash Credit	Long Term	17.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Bills Discounting	Short Term	3.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
13 Jun 2022	Cash Credit	Long Term	17.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Bills Discounting	Short Term	3.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
15 Mar 2021	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bills Discounting	Short Term	3.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	17.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A2+   Upgraded & Withdrawn ( from ACUITE A4+ )
HDFC Bank Ltd	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A2+   Upgraded & Withdrawn ( from ACUITE A4+ )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE A-   Upgraded & Withdrawn ( from ACUITE BB- )

## Contacts

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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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