

## Press Release

APLAB Limited

September 21, 2021

Rating Downgraded



<b>Total Bank Facilities Rated*</b>	Rs.32.00 Cr.
<b>Long Term Rating</b>	ACUITE D (Downgraded from ACUITE B-/Stable)
<b>Short Term Rating</b>	ACUITE D (Downgraded from ACUITE A4)

\* Refer Annexure for details

### Rating Rationale

Acuite has downgraded the long term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE B-**' (read as **ACUITE B minus**) and the short term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.32.00 crore bank facilities of APLAB Limited (AL).

The rating downgrade is on account of delays in servicing of debt obligations.

### About the Company

Aplab Limited (AL) is a Thane based company incorporated in 1962 by Mr. P.S Deodhar and is engaged as a manufacturer for Test & Measurement instruments. Originally, the company was called Applied Electronics Limited which later on went on to be called Applied Electronics Lab before the name was finally changed to Aplab Limited. The primary business activity involves the manufacturing of electrical/electronic equipment and devices. The company has reputed clientele such as Hindustan Aeronautics Limited, Bharat Electronics Limited, and L&T Limited, to name a few.

### Analytical Approach

Acuite has considered the standalone business and financial risk profile of AL to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Established track record of operations and experience management**

AL commenced its operations from 1962. The company is promoted by its Chairman and Managing Director, Mr. P S Deodhar along with other directors, Mrs. Amrita P. Deodhar, Dr. S. K. Hajela and Mr. Dinesh Kotecha who possess experience of more than four decades in electrical machinery industry. The extensive experience has enabled the company to forge healthy relationships with customers and suppliers.

#### Weaknesses

- **Delay in debt servicing**

The downward revision in ratings is primarily on account of overdue in the bank facilities and the classification of the entity as a SMA-2 account as per the written feedback received from existing lenders.

- **Working capital intensive operations**

The company has intensive working capital operations marked by high Gross Current Assets (GCA) of 468 days in FY2020 as against 505 days in FY2019. The inventory and debtor levels stood at 125 and 134 days in FY2020 as against 85 and 132 days in FY2019, respectively.

#### Liquidity Position: Poor

As per the feedback provided by the company's banker, they have mentioned that the firm's account ~~firm's account is overdue and is a SMA 2 category account.~~

**Rating sensitivity:**

Not Applicable

**Material Covenants**

None

**Outlook:**

Not Applicable

**About the Rated Entity - Key Financials**

	Unit	FY21 (Actual)	FY20 (Actual)
Operating Income	Rs. Cr.	53.02	51.66
PAT	Rs. Cr.	(0.39)	0.21
PAT Margin	(%)	(0.73)	0.40
Total Debt/Tangible Net Worth	Times	(2.75)	(2.70)
PBDIT/Interest	Times	0.79	1.18

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

**Note on complexity levels of the rated instrument**

<https://www.acuite.in/view-rating-criteria-55.htm>

**Rating History (Up to last three years)**

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
04-Nov-2020	Cash Credit	Long Term	14.00	ACUITE B-/ Stable (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee	Short Term	14.00	ACUITE A4 (Reaffirmed)
19-Aug-2019	Term Loan	Long Term	2.00	ACUITE B- (Withdrawn)
	Term Loan	Long Term	6.00	ACUITE B- (Withdrawn)
	Term Loan	Long Term	4.00	ACUITE B- (Withdrawn)
	Cash Credit	Long Term	14.00	ACUITE B-/ Stable (Upgraded)
	Bill Discounting	Short Term	11.00	ACUITE A4 (Withdrawn)
	Letter of Credit	Short Term	4.00	ACUITE A4 (Upgraded)
	Bank Guarantee	Short Term	14.00	ACUITE A4

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
				(Upgraded)
22-May-2018	Term Loan	Long Term	2.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	6.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	4.00	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	26.00	ACUITE D (Reaffirmed)
	Bill Discounting	Short Term	11.00	ACUITE D (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE D (Reaffirmed)
	Bank Guarantee	Short Term	22.00	ACUITE D (Reaffirmed)

**\*Annexure – Details of instruments rated**

Lender Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Union Bank of India (erstwhile Corporation Bank)	Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.00	ACUITE D (Downgraded)
Union Bank of India (erstwhile Corporation Bank)	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE D (Downgraded)
Union Bank of India (erstwhile Corporation Bank)	Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	14.00	ACUITE D (Downgraded)

**Contacts**

Analytical	Rating Desk
<p>Aditya Gupta Vice President - Corporate and Infrastructure Sector Tel: 022 49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a></p> <p>Vishal Kotian Analyst – Rating Operations Tel: 022 49294064 <a href="mailto:vishal.kotian@acuite.in">vishal.kotian@acuite.in</a></p>	<p>Varsha Bist Senior Manager - Rating Desk Tel: 022 49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>

**About Acuite Ratings & Research:**

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