

Press Release

Accurate Metals

August 29, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 5.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) to the Rs. 5.00 crore bank facilities of Accurate Metals (AM). The outlook is '**Stable**'.

The Jodhpur based, Accurate Metals was established in 1980 as a partnership firm by Mr. Lalit Jain, Mr. Babu Lal Jain and Mrs. Sumitra Jain. The firm is engaged in manufacturing of stainless steel sheet which is used in preparing utensils and cookware. The manufacturing unit has an installed capacity of 500 MT per month which is ~90 percent utilised over the last 12 months.

Analytical Approach

Acuité has considered standalone business and financial risk profile of Accurate Metals to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters of the firm have experience of more than three decades in the metal industry. The partners of the firm have established relationship with customers and suppliers.

- **Moderate financial risk profile**

The firm has moderate financial risk profile marked by net worth of Rs.3.44 crore as on March 31, 2018 (Provisional). The debt to equity ratio improved to 1.57 times in FY2017-18 (Provisional) from 1.71 times in FY2016-17. The interest coverage ratio also improved to 2.49 times in FY2017-18 (Provisional) from 2.14 times in FY2016-17. The total outstanding liability to total net worth stood moderate at 2.84 times in FY2017-18 (Provisional), improved from 3.08 times in FY2016-17.

Weaknesses

- **Modest scale of operation**

The firm was established in 1980. The scale of operation has been modest with stagnant turnover in FY2017 and FY2018.

- **Competitive and fragmented industry**

The firm operates in a highly competitive and fragmented industry marked by presence of several organised and unorganised players. The firm faces stiff competition from the local players.

Outlook: Stable

Acuité believes that the outlook on Accurate Metal will remain 'Stable' over the medium term on account of the experience of the management in the metal industry. The outlook may be revised to 'Positive' in case the firm registers significant growth in its revenues and profitability while efficiently managing its liquidity position. Conversely, the outlook may be revised to 'Negative' in case of any significant stretch in its working capital management leading to deterioration of its financial risk profile and liquidity.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	39.65	39.66	38.98
EBITDA	Rs. Cr.	1.36	0.68	0.65
PAT	Rs. Cr.	0.46	0.16	0.17
EBITDA Margin	(%)	3.44	1.70	1.67
PAT Margin	(%)	1.15	0.40	0.43
ROCE	(%)	16.86	13.77	16.96
Total Debt/Tangible Net Worth	Times	1.57	1.71	2.05
PBDIT/Interest	Times	2.49	2.14	2.27
Total Debt/PBDIT	Times	3.97	4.66	3.10
Gross Current Assets (Days)	Days	101	54	31

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B+ / Stable

Contacts

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About Acuité Ratings & Research:

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