



Press Release
CAPITAL POWER SYSTEMS LIMITED
May 06, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	61.50	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	81.00	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	38.50	-	ACUITE A2 Assigned
Bank Loan Ratings	127.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	308.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple B**) on Rs.81.00 Cr. bank facilities and its short-term rating of ‘**ACUITE A2**’ (read as **ACUITE A two**) on the Rs.127.00 Cr. bank facilities of Capital Power Systems Limited (CPSL). The outlook is ‘**Stable**’.

Acuite has also assigned its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE Triple B**) on Rs.61.50 Cr. bank facilities and the short-term rating of ‘**ACUITE A2**’ (read as **ACUITE A two**) on the Rs.38.50 Cr. bank facilities of Capital Power Systems Limited (CPSL). The outlook is ‘**Stable**’.

Rationale for rating reaffirmation

The rating reaffirmation reflects steady improvement in operating performance, backed by healthy order book position and moderation in financial risk profile on the back of debt funded capex. The rating also considers experienced management, long operational track record and reputed clientele of the company. However, the above-mentioned strengths are partially offset by the company's working capital intensive operations along with the intensity of competition in industry due to tender driven nature of business restricting its profit margins.

About the Company

Incorporated in 1988, Capital Power Systems Limited (CPSL) is promoted by Mr. Pawan Bansal and Mr. Abhishek Bansal. CPSL is engaged in manufacturing of electricity meters, gas meters and water meters. Its manufacturing plant is located at Noida, Uttar Pradesh with an installed capacity of 60 lakh meter per annum. CPSL supplies meters majorly to state power utilities along with certain private sector players. Also, since last few years they have started to supply for turnkey projects wherein installation, operation and maintenance of meters are also being done.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced management and long operational track record.

CPSL has a long operational track record of more than three decades in this line of business. The promoters of the company, Mr Pawan Kumar Bansal and Mr. Abhishek Bansal have an experience of more than three decade in this industry and are involved in the day-to-day operations. The experience of the promoters has helped the company to maintain a healthy relationship with its customers and suppliers of 7-15 years wherein few customers are associated with the company for even three decades. Acuite believes that CPSL will continue to benefit from its experienced management to strengthen its business risk profile over the medium term.

Improvement in revenue and profitability

CPSL's revenue stood at Rs. 178.27 Cr. in FY24 vis-a-vis Rs. 150.89 Cr. in FY23. In FY 2025, the revenue is estimated at ~Rs.213 Cr. on account of sale of new smart meter products. The company has unexecuted orders worth Rs. 508.11 Cr. which gives revenue visibility for the medium term. EBITDA Margin of the company improved and stood at 10.96 per cent in FY24 as against 9.98 per cent in FY23. The PAT margins have increased to 3.81 per cent in FY24 vis-à-vis 3.15 per cent in FY23. The improvement in margin is account of better absorption of fixed cost resulting into better margins. Further, the company has orders in hand which commands better margins as compared to previous years. Acuite believes, the operating performance of the company would improve steadily on account of expected capacity utilisation in the medium term.

Moderate Financial Risk Profile

Financial Risk profile of the company remained moderate marked by moderate net-worth, low gearing and moderate debt protection metric. Tangible Net worth of the company stood at Rs. 91.04 Cr. in FY 24 as against Rs. 61.53 Cr. in FY 23. Net worth of the company includes loan from promoters ~Rs.22.79 Cr. as quasi equity. Improvement in Net worth is due to accretion of profits in reserves. Total Debt of the company stood at Rs. 65.94 Cr in FY 24 as against Rs. 44.22 Cr. in FY 23, it comprises of Long-term loan of Rs. 19.44 Cr, CPLTD of Rs. 2.61 Cr. and Rs. 43.89 Cr. of Short-term loan as on FY 2024. Gearing of the company stood comfortable at 0.72 times in FY24 as against 0.72 times in FY23. However, the gearing is expected to increase on account of additional debt taken in FY25 for capex as it is increased from Rs.65 Cr. in FY24 to ~Rs. 83 Cr. in FY25 with gearing estimated to increase to 0.84 times in FY25 compared 0.72 times in FY24. TOL/TNW stood at 1.26 times in FY24 as against 1.18 times in FY 23. Debt protection metrics are moderate with interest coverage of 2.19 times in FY24 as against 2.06 times in FY23 and DSCR of 1.75 times in FY24 as against 1.68 times in FY23. The coverage indicators of the company are estimated to remain moderate with ICR at ~ 2.38 times and DSCR at ~1.71 times in FY25 on account of additional debt for capex vis a vis steady cash accrual.

Acuite believes that the financial risk profile of the company would remain moderate over the medium term on account of debt funded capex and lower capacity utilisations.

Weaknesses

Working Capital Intensive Operations

CPSL's operations remained working capital intensive marked by Gross Current Asset (GCA) of 308 days in FY24 as against 265 days in FY23. The debtor days improved and stood at 100 days in FY24 as against 121 days in FY23 and 208 days in FY22. Inventory holding period majorly increased to 183 days in FY24 from 104 days in FY23 as few of the orders were billed in next fiscal. Creditor days of the company remained stable at 126 days in FY24 as against 82 days in FY23. Acuite expects the working capital operations to remain intensive over the medium term on account of the high credit period extended to its customer majorly being state owned power utilities.

Tender based nature of operations and competitive industry

CPSL manufactures and supplies meters to various state owned power utilities. The revenue of the company is highly dependent on the number and value of tenders floated by such power utilities. Additionally, supply to such state owned power utilities exposes the company to the risk of elongated receivables. The company also faces intense competition from several players in the industry in procuring orders through bidding, immense competition for procuring tenders leads to very competitive pricing which in turn lead to stress on the operating margins. Moreover, susceptibility of raw material pricing again keeps margin vulnerable and is a key sensitivity factor.

Rating Sensitivities

- Sustain improvement in revenues and profitability margins

- Any further elongation in working capital cycle impacting the liquidity position of the company
- Stabilisation and commercialisation of newly added production capacity

Liquidity Position

Adequate

CPSL has an adequate liquidity marked by sufficient net cash accruals of Rs 8.33 Cr. as against maturing debt obligations of Rs 0.93 Cr. in FY24. The company is expected to generate net cash accruals in the range of Rs.11-12 Cr. in FY25 & FY26 as against loan obligation in the range of Rs. 7-9 Cr. giving adequate liquidity buffer for growth capital. Average bank limit utilization in the past 06 months ended February 2025 stood high at 86 per cent. Further, the current ratio of the company stood at 1.74 times in FY24 as against 1.73 times in FY23.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	178.27	150.89
PAT	Rs. Cr.	6.80	4.75
PAT Margin	(%)	3.81	3.15
Total Debt/Tangible Net Worth	Times	0.72	0.72
PBDIT/Interest	Times	2.19	2.06

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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>
- 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. 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
06 May 2024	Bank Guarantee (BLR)	Short Term	2.51	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	26.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	24.50	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A2 (Assigned)
	Letter of Credit	Short Term	20.50	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	25.49	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	11.59	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	0.08	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	0.91	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	25.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	0.78	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	0.80	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	2.84	ACUITE BBB Stable (Reaffirmed)
29 Mar 2023	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	9.50	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	13.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	7.00	ACUITE A2 (Assigned)
	Letter of Credit	Short Term	11.50	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	9.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	17.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	6.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	3.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	1.97	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	1.45	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.14	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	0.35	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.09	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	10.73	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	3.27	ACUITE BBB Stable (Assigned)
29 Apr 2022	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	17.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A2 (Assigned)
	Letter of Credit	Short Term	11.50	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	13.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	2.50	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	3.00	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	1.45	ACUITE BBB Stable (Assigned)
	Working Capital Term Loan	Long Term	0.35	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.20	ACUITE BBB Stable (Assigned)
11 Apr 2022	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Proposed Cash Credit	Long Term	2.50	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE A2 Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	26.00	Simple	ACUITE A2 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A2 Reaffirmed
Axis Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.50	Simple	ACUITE A2 Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE A2 Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE A2 Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A2 Assigned
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A2 Assigned
Federal Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A2 Assigned
CSB Bank Limited	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A2 Assigned
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE BBB Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BBB Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.50	Simple	ACUITE BBB Stable Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB Stable Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB Stable Assigned
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB Stable Assigned
CSB Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB Stable Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.50	Simple	ACUITE A2 Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A2 Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	23 Jun 2023	Not avl. / Not appl.	07 Dec 2029	25.00	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	23 Jun 2023	Not avl. / Not appl.	07 Dec 2027	0.75	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	30 Aug 2024	Not avl. / Not appl.	07 Oct 2031	8.50	Simple	ACUITE BBB Stable Assigned
	Not avl. /	Working	10 Dec	Not avl. /	01 Dec			ACUITE BBB

Axis Bank	Not appl.	Capital Term Loan	2021	Not appl.	2026	1.75	Simple	Stable Reaffirmed
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Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Anuja Bele Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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