



Press Release
TECH AIC DRI PELLETS PRIVATE LIMITED
October 04, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	280.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	46.00	-	ACUITE A3 Assigned
Total Outstanding Quantum (Rs. Cr)	326.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**Acuite BBB-**' (read as **Acuité Triple B minus**) on the Rs. 280.00 crore bank facilities and short-term rating of '**Acuite A3**' (read as **Acuite A three**) on the Rs. 46.00 crore bank facilities of Tech AIC Dri Pellets Private Limited. The outlook is '**Stable**'.

Rationale for rating:

The rating reflects the company's exposure to stabilisation risk in the initial phase of operations of its project and expected leveraged capital structure. These weaknesses are offset by the long track record of operations and promoter's flexibility to bring in funds into the company and the strong support of its group.

About the Company

Kolkata – Based, Tech AIC Dri Pellets Private Limited was incorporated in 2020. The company has set up project to manufacture iron ore pellet with an installed capacity of 1000000 MT per annum.

The directors of the company are Mr. Dinesh Adukia, Mr. Vivek Adukia, Mr. Gyan Adukia and Mr. Dipankar Dutta.

About the Group

N N Ispat Private Limited

Incorporated in 2004, N N Ispat Private Limited (NNIPL) manufactures billets and thermo-mechanically treated (TMT) steel. The manufacturing facility is located in Burdwan district of West Bengal with installed capacity of 200,000 MTPA of billets and 2,36,000 MTPA of TMT.

AIC Iron Industries Private Limited

AIC Iron Industries Private Limited (AIPL) was incorporated in December 2003. In February 2008, the company was taken over by Adukia group of West Bengal. The company is presently engaged in manufacturing of Billets and MS Strips/pipes with installed capacity of 102000 MTPA and 100000 MTPA respectively. Its manufacturing

facility is located at Purulia (West Bengal). The group is undertaking capex towards expansion and capacity enhancement. It is setting up sponge iron plant (105000 MTPA) and Power plant (22.5 MW) in AIPL. This project is expected to be completed by April 2023

RAIC Integrated Sponge and Power Private Limited

Incorporated in 2003, RAIC Integrated Sponge and Power Private Limited (RISPPL) manufactures sponge iron, billets, TMT steel and silico manganese at its facility in Burdwan district, West Bengal. Unit has installed capacity of 225,000 tonne per annum (MTPA) of sponge iron, 137,000 MTPA of billets, 150,000 MTPA of TMT steel, 6,000 MTPA of silico manganese and captive power plant with a capacity of 18.5 MW.

Unsupported Rating

ACUITE BB/ Stable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of Tech Aic Dri Pellets Private

Limited (TADPPL) to arrive at the rating. While arriving at the rating of TADPPL, Acuité has taken into account a strong level of support from the AIC group given that AIC Group has a significant stake in TADPPL, corporate guarantee provided by N N Ispat Private Limited on the bank facilities of TADPPL and expected off-take from TADPPL in AIC group for pellets.

Key Rating Drivers

Strengths

Long operational track record and experienced management

The promoters of the AIC group, the Adukia family of West Bengal, have more than two decades of experience in the iron and steel industry. The extensive experience of the promoters has helped them understand market dynamics and establish strong relationships with their customers and suppliers. The overall affairs of the AIC group are being managed by Mr. Dinesh Adukia and his brothers. The promoters are resourceful and have also supported the group companies by infusing unsecured loans as and when required to support the business operations. Acuité believes that the long track record of operations will benefit the company going forward, resulting in steady growth in the scale of operations.

Weaknesses

Expected leveraged capital structure

The company's capital structure is expected to remain below average marked by low networth base and high gearing over the medium term. The adjusted tangible net worth of the company improved to Rs.78.32 Cr. as on March 31, 2024 (Prov.) as compared to Rs.9.08 Cr. as on March 31, 2023 due to infusion of capital by the promoters as well as unsecured loans being treated as part of quasi equity of Rs.37.50 Cr. Acuité has considered unsecured loans of Rs. 37.50 Cr. in FY 2024(Prov.) as the same is subordinated to bank loans. The adjusted gearing is 2.00 times as on March 31, 2024. Gearing of the company will increase and is expected to remain at high levels over the medium term. The debt protection metrics are also expected to remain below average during the stabilization period of operations. The total cost of project is Rs.320 Cr. which is to be funded partly through Rs.155 Cr. term loan and remaining Rs.165 Cr. from promoter's contribution. The promoters are resourceful and will infuse any incremental funding requirement on need basis. Acuité believes that going forward the financial risk profile of the company is expected to be below average due to leveraged capital structure and below average debt protection metrics over the medium term.

Rating Sensitivities

- Timely implementation and stabilisation of operations
- Timeliness in infusion of funds by promoters

Liquidity Position

Adequate

If the plant is timely commissioned, the net cash accruals are expected to be sufficient to repay the debt obligation in FY 25. The company has adequate liquidity as reflected from financial flexibility of promoters to infuse funds in the project from time-to-time. However, timely stabilisation of the project and generation of optimum cash accrual will be key rating sensitivity factors.

Outlook: Stable

Acuité believes that the company will maintain a 'Stable' outlook on the basis of the long track record of operations and promoter's flexibility to bring in funds into the company. The outlook may be revised to 'Positive' in case of timely implementation and stabilisation of operations and improvement in financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the liquidity and leverage position on a prolonged basis.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.03	0.00
PAT	Rs. Cr.	(0.11)	(0.01)
PAT Margin	(%)	(364.50)	0.00
Total Debt/Tangible Net Worth	Times	2.00	0.99
PBDIT/Interest	Times	4.65	(10.88)

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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:Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3 Assigned
Canara Bank	Not avl. / Not appl.	Forward Contracts	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A3 Assigned
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3 Assigned
Axis Bank	Not avl. / Not appl.	Term Loan	09 Dec 2022	Not avl. / Not appl.	31 Mar 2031	50.00	Simple	ACUITE BBB- Stable Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	09 Feb 2023	Not avl. / Not appl.	31 Mar 2031	60.00	Simple	ACUITE BBB- Stable Assigned
Bajaj Finance Ltd.	Not avl. / Not appl.	Term Loan	23 Nov 2022	Not avl. / Not appl.	31 Mar 2031	45.00	Simple	ACUITE BBB- Stable Assigned
Canara Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	125.00	Simple	ACUITE BBB- Stable Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No	Company Name
1	Tech AIC Dri Pellets Private Limited
2	N N Ispat Private Limited
3	AIC Iron Industries Private Limited
4	RAIC Integrated Sponge and Power Private Limited

Contacts

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

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.

Disclaimer: An Acuité 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. Ratings assigned by Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Ratings assigned by Acuité 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.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.