CARE Ratings
Professional Risk Opinion

Accord Electropower Private Limited

January 13, 2021

Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	3.96	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Total Bank Facilities	**3.96 (Rs. Three Crore and Ninety-Six Lakhs Only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated December 25, 2019, placed the rating(s) of Accord Electropower Private Limited (AEPL) under the 'issuer non-cooperating' category as AEPL had failed to provide information for monitoring of the rating. AEPL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated December 4, 2020 and December 1, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The rating has been revised on account of non-availability of information and no due diligence conducted due to non-cooperation by Accord Electropower Private Limited with CARE'S efforts to undertake a review of the rating outstanding. CARE views information non-availability risk as a key factor in its assessment of credit risk. The ratings take into account small scale of operations with low net worth base, declining profitability margins, elongated collection period and weak liquidity indicators and competitive industry and risks associated with tender-based orders. The rating, however, draws comfort from experienced promoters and moderate capital structure.

Detailed description of the key rating drivers

At the time of last rating on December 25, 2019, the following were the rating weaknesses and strengths (Updated for the information available from the Registrar of Companies):

Key Rating Weaknesses

Small scale of operations with low net worth base

The scale of operations stood modest as marled by TOI and GCA of Rs.51.83 crore and Rs.1.47 crore respectively in FY19 as against Rs.15.35 crore and Rs.0.52 crore respectively in FY18. Further, the networth base continues to be small at Rs.3.38 crore as on March 31, 2019. The small scale limits the company's financial flexibility in times of stress and deprives it from scale benefits.

Declining profitability margins

Profitability margins stood declining as marked by PBILDT and PAT margins of 4.71% and 2.12% respectively in FY19 as against 6.07% and 2.20% respectively in FY18.

Elongated collection period with weak liquidity indicators

The inventory requirements (comprising raw material) is primarily order backed and AEPL maintain inventory of around 60 days for smooth execution of contracts. The product manufactured by the company is dispatched only after testing and quality checks by various government and private agencies. In FY19, the inventory holding period stood elongated at 60 days in FY19 owing to delay in obtaining clearance from government agencies for the same. Furthermore, the power distribution companies release money once the product meet the specifications resulting in delayed realization of payments which further results in delayed payment to its supplier. Moreover, the liquidity indicators marked by current ratio and quick ratio stood weak at 0.98 and 0.38 times respectively as on March 31, 2019.

Competitive industry and risks associated with tender-based orders

The transformer industry faces direct competition from various unorganized and organized players in the market. The competition in the domestic transformer industry has been increasing since the last two-three years due to factors like import of cheaper equipment, especially from China and large number of smaller players with limited capacity entering the industry due to its high profitability and easy availability of technology. Also, as most of the business is tender-driven, the incumbent players have witnessed margin pressures due to aggressive bidding from the players seeking an entry in the market and the growth of the business depends on its ability to successfully bid for I,' the tenders and emerge as the lowest bidder.

Key Rating Strengths

Experienced promoters

AEPL is currently being managed by Mr. Deepak Kumar Gaur and Mr. Paramhansh Raghav. Both of them are graduates by qualification and have an experience of around half a decade in the power distribution industry through their association with this entity. Further, they are also assisted by qualified personnel having requisite experience in their respective fields.

Moderate capital structure and moderate order book

Capital structure continues to be moderate as marked by overall gearing of 1.27x as on March 31, 2019 as against 1.18x as on March 31, 2018 owing to higher reliance on external borrowings. The order book of the company stood at Rs.53.23 crore as on September 30, 2018 which is approximately 3.47 times of its total operating income for FY18, thereby giving the company short to medium term revenue visibility. Updated information is not available due to non-cooperation by AEPL.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Liquidity Analysis of Non-Financial Sector Entities
Rating Methodology - Manufacturing Companies

About the Company

Accord Electropower Private Limited (AEPL) was incorporated in 2015. The company is currently being managed by Mr. Deepak Kumar Gaur and Mr. Paramhansh Raghav. The company is engaged in manufacturing of Power and distribution transformers which finds its application in power generation and distribution industry. The company has its manufacturing unit in Noida, The company cater to both private and government company involve in DISCOMS (Distribution companies).

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	15.35	51.83
PBILDT	0.93	2.44
PAT	0.34	1.10
Overall gearing (times)	1.18	1.27
Interest coverage (times)	2.90	4.00

A: Audited

Status of non-cooperation with previous CRA: Brickworks had placed its rating under non-cooperation due to non-submission of requisite information as per its press release dated September 21, 2020.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	1.96	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	2.00	CARE B; Stable; ISSUER NOT COOPERATING*

**Issuer not cooperating; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	1.96	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (25-Dec-19)	1)CARE B+; Stable (29-Nov-18)	-
2.	Fund-based - LT-Cash Credit	LT	2.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (25-Dec-19)	1)CARE B+; Stable (29-Nov-18)	-

**Issuer not cooperating; Based on best available information*

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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