

A.B. Pal Electricals Private Limited

November 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	48.30 (Enhanced from 43.30)	CARE D	Reaffirmed
Short Term Bank Facilities	31.70 (Reduced from 36.70)	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of A. B. Pal Electricals Private Limited (ABPL) continue to factor in ongoing delay in debt servicing with one of the lenders and unpaid overdue interest and penal interest. Further, the ratings continue to be constrained by stretched liquidity marked by near full utilisation of working capital limits and working capital intensive nature of operations. The ratings are also constrained by low profitability margin owing to trading nature of business, leveraged financial risk profile and competitive nature of industry. However, ratings derive comfort from experienced promoters with long track record of operations, well – established relationship with the suppliers and company's improving scale of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improved liquidity leading to delay/default free track of 90 days.

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of key rating drivers:

Key weaknesses

Delay in debt servicing coupled with overdue charges: In January 2024, there was a delay in debt servicing by 4 days owing to insufficiency of funds in one of the term loans availed by A. B. Pal Electricals Private Limited (ABPL). Consequently, the lender imposed overdue charges and cheque bouncing charges which have remained unpaid during the period under review. Furthermore, the bank statements reflect overdue interest and penal interest levied in the account which has remained unpaid.

Low Profitability margins: The company is engaged in trading of electrical components and owing to the trading nature of business, the company operates on thin profitability since there is no value addition as marked by PBILDT (Profit before interest, lease rentals, depreciation and taxes) margin of 1.69% in FY24 (refers to period from April 01 to March 31) (PY: 1.55%), however PAT margin deteriorated to 0.31% in FY24 (PY: 0.33%). This reduction in profitability is primarily on account of increased depreciation and higher finance costs due to higher utilization of working capital limits.

Leveraged financial risk profile: The capital structure of the company remains leveraged owing to low net worth base as against more reliance on the external debt. As on March 31, 2024, total debt outstanding increased to Rs.119.32 crore as against Rs.104.23 crore as on March 31, 2023, owing to increase in term loans and higher utilization of the working capital limits. The overall gearing ratio of the company remains high at 3.39x as on March 31, 2024 (PY: 3.15x), with Total debt to Gross Cash Accruals stood at 36.71x in FY24 (PY: 44.55x).

Competitive nature of Industry: India continues to import a significant number of components annually since there is no duty on importing components, which makes component distribution more profitable than manufacturing in the country thus explaining the fact that there are more traders than manufacturers in the country. The continuous development in electronic industry has triggered the development of electrical and electronic component industry as well. So, due to these large number of small and medium scale players, the company remains exposed to the competitive pressure which puts pressure on the profitability margins.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Key strengths

Experienced management having long track record of operations: ABPL was founded as a partnership firm by Mr. Thaker Pal Singh in 1973 and later on reconstituted as private limited company in the year 1995 with a view to expand its operations. The promoters have an industry experience of nearly four decades. The company has a diverse product portfolio, comprising of electrical cables, wiring, switch gears and lighting.

Established customer and supplier base: The company has reputed supplier base major suppliers being Polycab wires Pvt Ltd, Havells India Ltd, R.R. Kable Limited and KEI Industries Limited etc. Further, the company has a diversified customer base with top 5 constituting ~ 7% of the total sales in FY24 (PY: ~11%), this shows that the company is not dependent on a single or a small group of customers for its sales it has a wide range of customer at its discretion.

Improving scale of operations: The TOI (Total operating income) of the company has grown by around 27% in FY24 and stood at Rs.698.26 crore as compared to Rs.550.48 crore in FY24. The increase in TOI is on account of healthy demand from existing customer and industry positive outlook.

Liquidity: Poor

The liquidity profile of the company is stood poor marked by delay in payment of debt obligation and penal interest charged by the lender coupled with nearly full utilization of working capital facility for the trailing 12 months ending October 2024. Further, modest free cash and bank balance of Rs.0.30 crore as on March 31, 2024 as against Rs.0.26 Cr as on March 31, 2023, high collection period of 115 days in FY24 (PY: 123 days). Further, with high limit utilization and recent delay in debt repayment obligations exerts continued pressure on liquidity.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

A.B. Pal Electricals Private Limited (ABPL) was originally established as a partnership firm in the year 1973 which was later reconstituted as a private limited company in the year 1995. ABPL is an authorized stockiest/distributor for electrical components such as cables, wires, switches including various lighting products, major suppliers being electrical component manufacturing companies like Polycab wires Pvt Ltd, Havells India Ltd, Gloster Cables Ltd, RR Kabel Ltd., Grandlay electricals (India) Pvt Ltd and others. The Company provides all kinds of lighting solution be it Indoor Lighting, Outdoor Lighting, Industrial Lighting, Commercial Lighting, Consumer Luminaire, Decorative Range, International Range & the Future generation of lighting – LED as well.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	550.48	698.26	NA
PBILDT	8.56	11.81	NA
PAT	1.82	2.14	NA
Overall gearing (times)	3.15	3.39	NA
Interest coverage (times)	1.07	1.21	NA

H1FY25 (refers to the period from April 01, 2024 to September 30, 2024)

A: Audited UA: Unaudited; NA: Not Available Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has continued the ratings assigned to the bank facilities of A.B. Pal Electricals Private Limited into "Issuer Not Cooperating category" vide press release dated October 11, 2024, on account of their inability to carry out a review in the absence of requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	39.33	CARE D
Fund-based - LT-Term Loan		-	-	01/06/2028	8.97	CARE D
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	27.60	CARE D
Non-fund-based - ST-BG/LC		-	-	-	4.10	CARE D

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	39.33	CARE D	1)CARE D (17-Sep-24)	1)CARE BB-; Stable (18-Oct-23) 2)CARE BB-; Stable (09-Oct-23)	1)CARE BB-; Stable (16-Aug-22)	1)CARE BB-; Stable (03-Sep-21)
2	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	27.60	CARE D	1)CARE D (17-Sep-24)	1)CARE A4 (18-Oct-23) 2)CARE A4 (09-Oct-23)	1)CARE A4 (16-Aug-22)	1)CARE A4 (03-Sep-21)
3	Non-fund-based - ST-BG/LC	ST	4.10	CARE D	1)CARE D (17-Sep-24)	1)CARE A4 (18-Oct-23) 2)CARE A4 (09-Oct-23)	1)CARE A4 (16-Aug-22)	1)CARE A4 (03-Sep-21)
4	Fund-based - LT-Term Loan	LT	8.97	CARE D	1)CARE D (17-Sep-24)	1)CARE BB-; Stable (18-Oct-23)	-	-

LT: Long term; ST: Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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