

Kirloskar Chillers Private Limited

January 31, 2025

Facilities/Instruments	Amount (₹ crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	2.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	16.00	CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) had, vide its press release dated December 20, 2023, placed the ratings of Kirloskar Chillers Private Limited (KCPL) under the 'issuer non-cooperating' category as KCPL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. KCPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated January 13, 2025. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which however, in CARE Ratings' 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 ratings assigned to the bank facilities of KCPL continue to be constrained by susceptibility of profitability to variable input costs and planned debt-funded capex.

The ratings, however, continue to derive comfort from its established track record, experienced management and being part of Kirloskar group. The ratings further derive strength from the company's moderate scale of operations, moderate profitability and comfortable solvency position.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation that the company shall sustain its financial risk profile over the medium term.

Detailed description of key rating drivers:

At the time of last rating on December 20, 2023 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):

Key weaknesses

Planned debt-funded capex

In FY20, KCPL undertook capex in a phased manner to transfer its existing facility to a new unit while also expanding its installed and storage capacity. The total project cost is ₹40 crore, which would be funded through a term loan of ₹30 crore and remaining through internal accruals. Till March 2021, the company has incurred ₹23.03 crore for purchase of land and construction of building. The existing facility, located at Saswad, Pune was taken on lease from Kirloskar Pneumatics Private limited. Further KCPL has purchased own land for new facility at Khandala, Satara.

Susceptibility of profitability to variable input costs

Raw material costs constitute the largest portion of KCPL's operating expenses, followed by employee costs. The company earlier imported more than 60% of its raw materials from China and Europe. However, post-pandemic, KCPL has shifted to sourcing primarily from the domestic market, with minimal imports. Given the price volatility of the raw materials, the company's profitability is vulnerable to adverse price fluctuations, since KCPL's orders are fixed price in nature. Additionally, being a net importer, KCPL is exposed to any adverse fluctuation in the currency movements.

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

Key strengths

Established track record of operations and experienced management

KCPL is currently managed by Avinash Manjul, who serves as the Managing Director. Before joining KCPL, he worked as a Marketing Manager for HVAC projects at one of the group companies, Kirloskar Pneumatic Company Limited. The promoters are backed by a team of experienced professionals who lead various divisions within the company. Their long-standing presence in the industry has enabled them to develop adequate acumen about the industry.

Part of Kirloskar Group

KCPL is part of the Pune-based Kirloskar Group, a 125-year-old group spearheaded by promoter, Rahul Kirloskar. The 'Kirloskar' brand is owned by one of the group companies, Kirloskar Proprietary Limited, and KCPL is required to pay a royalty of 0.25% of its sales for using the brand name. By being a part of the Kirloskar Group, KCPL benefits from managerial, technical, and operational synergies.

Financial risk profile marked by moderate scale of operations, moderate profitability and comfortable solvency position

In FY24 (refers to April 01 to March 31), KCPL's total operating income (TOI) increased by ~16% and stood at ₹197.16 crore (PY: ₹169.53 crore). The profit before interest, lease rentals, depreciation and tax (PBILDT) margin marginally improved to 17.80% in FY24 (PY: 17.35%) due to reduction in cost of raw materials consumed. The profit after tax (PAT) margin stood stable at 11.37% in FY24 (PY: 11.35%).

Further, the capital structure continued to remain comfortable marked by overall gearing of 0.21x as on March 31, 2024 (PY: 0.12x). The debt coverage indicators also remained comfortable with total debt to gross cash accruals (TD/GCA) and interest coverage of 0.92x and 29.40x respectively in FY24 (PY: 0.52x and 27.45x respectively).

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Other Industrial Products

KCPL is part of the Pune-based Kirloskar Group, a 125-year-old group. KCPL is engaged in the manufacturing of hydro-fluoro-carbon (HFC) air- and water-cooled chillers catering to both the industrial and commercial markets. Its manufacturing facility is located in Saswad, near Pune. KCPL has AHRI (Air-conditioning, Heating and Refrigeration Institute) certification for its water-cooled screw and centrifugal chillers and AHRI-certified test bed. KCPL manufactures chillers in the range of 40-ton refrigeration (TR) to 2400 TR.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	169.53	197.16
PBILDT	29.42	35.09
PAT	19.24	22.42
Overall gearing (times)	0.12	0.21
Interest coverage (times)	27.45	29.40

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Nil

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		-	-	-	2.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	16.00	CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	2.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (20-Dec-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (26-Sep-22)	1)CARE BBB+; Stable; ISSUER NOT COOPERATING* (24-Mar-22) 2)CARE A; Stable (06-Apr-21)
2	Non-fund-based - ST-BG/LC	ST	16.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (20-Dec-23)	1)CARE A4+; ISSUER NOT COOPERATING* (26-Sep-22)	1)CARE A3+; ISSUER NOT COOPERATING* (24-Mar-22) 2)CARE A1 (06-Apr-21)

*Issuer did not cooperate; based on best available information.

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	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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Ashish Kashalkar Assistant Director CARE Ratings Limited Phone: 9102040009009 E-mail: Ashish.Kashalkar@careedge.in
	Aashvi Shah Lead Analyst CARE Ratings Limited E-mail: Aashvi.Shah@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**