

## Accent Microcell Limited

March 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	1.66 (Reduced from 3.30)	CARE BBB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	22.50 (Enhanced from 21.00)	CARE BBB+; Stable / CARE A2	Reaffirmed
Short Term Bank Facilities	14.77	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to bank facilities of Accent Microcell Limited (AML) continue to derive strength from extensive experience of promoters with certified manufacturing facility, moderately diversified clientele, healthy profitability, comfortable capital structure as well as debt coverage indicators and adequate liquidity.

The ratings, however, continue to remain constrained on account of AML's moderate scale of operations, susceptibility of profitability to raw material price and foreign exchange fluctuations and its presence in a highly competitive pharmaceutical industry.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant volume backed growth in scale of operations while maintaining PBILDT margin above 15% on sustained basis
- Improvement in networth base to over Rs.250 crore

#### Negative factors

- Decline in scale of operations with total operating income (TOI) below Rs.200 crore along with decline in profitability on sustained basis
- Deterioration in capital structure to over 1x as well as total debt to PBILDT over 3x on sustained basis

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects CARE Ratings Limited's expectation that AML shall continue to benefit from its experienced promoters and niche product segment which shall enable it to sustain its comfortable financial risk profile.

### Detailed description of key rating drivers:

#### Key strengths

##### Extensive experience of promoters with established manufacturing facility

AML was originally established in 2002 and subsequently converted into a private limited company. Further it got converted into closely held public limited company in December 2022 and subsequently got listed on NSE SME platform in December 2023. The key promoters of AML, Mr Ghanshyam Patel, Mr. Nitin Patel, Mr. Vasant Patel and Mr. Vinod Patel, have vast experience of around 20 years in manufacturing of Micro Crystalline Cellulose (MCC) & other cellulose powders. AML operates from its two manufacturing facilities located at Pirana and Dahej at Gujarat, which are ISO 9001:2015, FSSC 22000, Good Manufacturing Practice (GMP) and Hazard Analysis and Critical Control Points (HACCP) certified. Its plant at Pirana was established during 2012, while the plant located at Dahej - Gujarat was established as a Special Economic Zone (SEZ) unit during FY15 and enjoys the benefits available in terms of various exemptions and deductions in direct and indirect tax payments. Its key products are also US-DMF, Kosher & Halal certified.

##### Healthy profitability albeit moderate scale of operations

The TOI (total operating income) of AML grew by 22% y-o-y, however remained moderate at Rs.247.14 crore during FY24 (vis-à-vis Rs.202.95 crore in FY23). The growth was driven by increase in sales volume as well as realization of its key product, MCC. AML continued to report healthy growth in current year backed by healthy demand. During H1FY25, AML reported TOI of Rs.126.04 crore as against Rs.109.30 crore in H1FY24 with y-o-y volume growth of 8% along with growth in sales realization of

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

8%. Till FY23, profitability margin of AML remained stable at around 9-10%, however, from FY24 onwards, due to moderation in wood pulp prices, lower coal prices and lower freight cost coupled with economies of scale, AML registered PBILDT margin of 16.68%. PBILDT margin further improved in H1FY25 to 17.24%.

#### **Moderately diversified clientele with established marketing network**

AML's products are largely used in pharmaceutical, nutraceutical and cosmetic industries. The company has dedicated in-house business development team which takes care of its export operations. Currently, AML sells domestically as well as exports mainly to U.S.A., Australia, U.K., and Russia and export contributed about 59.06% of TOI during FY24 (vis-à-vis 63.54% in FY23). Thus, geographical concentration risk is mitigated to a certain extent. Sales to customers is mainly through distributors, both in export as well as domestic market. The customer profile remained moderately diversified with top 10 customers contributing 39% & 49% of TOI in FY24 & H1FY25 respectively (32% in FY23).

#### **Comfortable capital structure and debt coverage indicators**

Capital structure of AML remained comfortable marked by overall gearing of 0.08x at FY24 end as against 0.68x at FY23 end with improved networth of Rs. 163.82 crore at FY24 end owing to equity infusion via Initial Public Offering in December 2023. The funds raised have been utilized for repayment of working capital limits while balance shall be utilized towards on-going capex. AML is currently in process of setting up another Unit at Kheda, Gujarat. The new plant is being set up to manufacture Croscarmellose Sodium (CCS) and Sodium Starch Glycolate and carbonmethylcellulose (CMS). The said project shall be entirely funded through IPO proceeds. The project was proposed to commercialize from April 01, 2025, however due to some pending approvals from Gujarat Pollution Control Board, the commercial production is now expected to commence from October 01, 2025. With no major debt planned to be availed, capital structure of AML is expected to remain comfortable going forward as well. Debt coverage indicators strengthened in FY24 with PBILDT interest coverage of 36.73x (P.Y: 6.97x) and TDGCA of 0.36x (P.Y: 2.07x) in FY24 due to reduction in outstanding debt as well as higher profitability.

#### **Key weaknesses**

##### **Susceptibility of profitability to raw material price and foreign exchange rate fluctuation**

The main raw material required by the company is wood pulp and therefore any changes in prices of wood pulp may adversely affect the profit margin of the company. The ability of the company to pass on the increase in prices to end users would be crucial. Further, the company imports part of its raw material requirement and exports its final product; therefore, AML is exposed to the fluctuation in foreign exchange rate for unhedged portion in absence of active hedging policy.

##### **Presence in highly competitive pharmaceutical industry**

MCC market is fragmented owing to presence of large number of manufacturers which includes both organized as well as unorganized players. However, AML has established marketing network and long relationship with its customers; hence, the said risk is mitigated to certain extent.

#### **Liquidity: Adequate**

Liquidity of AML remained adequate with positive cash flow from operations and low utilization of working capital limits. As against the GCA of Rs. 36.47 crore in FY24, debt repayment obligation remains in range of Rs.0.30 crore to Rs.1.50 crore in the next 3 years. Out of initial public offer of Rs.78.40 crore, AML could utilize 25% of the public issue for general corporate purpose. AML has utilized these funds for repaying its working capital limits, thus providing comfort to liquidity. Utilization of working capital limits stood low at 8% for the past 11 months ending January 2025. Operating cycle of AML remained moderate at 88 days in FY24 (68 days in FY23).

#### **Applicable criteria**

[Definition of Default](#)

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

[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
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Commodities	Chemicals	Chemicals & Petrochemicals	Commodity Chemicals
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Ahmedabad-based (Gujarat), AML is promoted by Mr Ghanshyam Patel, Mr Vasant Patel, Mr Vinod Patel and Mr. Nitin Patel. The company was established as partnership firm during 2002 in the name of 'Accent Microcell Industries' and subsequently got converted into private limited company during April 2012 by the name of Accent Microcell Private Limited. Later, during December 2022, company got converted into closely held public limited company. On December 15, 2023, AML raised Rs.78.40 crore via initial public offering and got listed on NSE SME platform. The company is engaged into manufacturing of Micro Crystalline Cellulose (MCC) & other excipient powders like Croscarmellose Sodium (CCS) and Magnesium Stearate (MS). The products manufactured by AML are largely used in pharmaceutical industry as a bulking agent, binding and coating agent etc. while it is also used in food industry, nutraceutical industry, cosmetics industry as a fat substitute, filler, disintegrant, flow aid among other applications. Its manufacturing facilities are located at Pirana and Dahej in Gujarat and the same are ISO 9001:2015, FSSC 22000, GMP and HACCP certified. Its key products also hold US-DMF, Kosher & Halal certifications. The company operates with an installed capacity of 8,000 metric tonnes per annum (MTPA) combined from its Dahej Plant and Pirana Plant.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	202.95	247.14	126.04
PBILDT	18.94	41.21	21.70
PAT	12.24	30.17	16.47
Overall gearing (times)	0.68	0.08	NA
Interest coverage (times)	6.97	36.73	135.63

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

**Status of non-cooperation with previous CRA:** Crisil continued to place the ratings of Accent Microcell Limited under 'Issuer not cooperating' category vide press release dated December 27, 2024, on account of its inability to carry out a rating exercise in the absence of the 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-Term Loan		-	-	20/11/2027	1.66	CARE BBB+; Stable
Fund-based - LT/ST-Cash Credit		-	-	-	20.50	CARE BBB+; Stable / CARE A2
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	2.00	CARE A2
Fund-based - ST-Forward Contract		-	-	-	1.77	CARE A2
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	2.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Letter of credit		-	-	-	11.00	CARE A2

**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/ST-Cash Credit	LT/ST	20.50	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (26-Mar-24) 2)CARE BBB; Stable / CARE A3+ (03-Apr-23)	-	1)CARE BBB; Stable / CARE A3+ (04-Mar-22)
2	Non-fund-based - ST-Letter of credit	ST	11.00	CARE A2	-	1)CARE A2 (26-Mar-24) 2)CARE A3+ (03-Apr-23)	-	1)CARE A3+ (04-Mar-22)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	2.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (26-Mar-24) 2)CARE BBB; Stable / CARE A3+ (03-Apr-23)	-	1)CARE A3+ (04-Mar-22)
4	Fund-based - LT-Term Loan	LT	1.66	CARE BBB+; Stable	-	1)CARE BBB+; Stable (26-Mar-24) 2)CARE BBB; Stable (03-Apr-23)	-	1)CARE BBB; Stable (04-Mar-22)
5	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	2.00	CARE A2	-	1)CARE A2 (26-Mar-24) 2)CARE A3+ (03-Apr-23)	-	-
6	Fund-based - ST-Forward Contract	ST	1.77	CARE A2	-	1)CARE A2 (26-Mar-24) 2)CARE A3+ (03-Apr-23)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/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-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	Fund-based - ST-Forward Contract	Simple
5	Non-fund-based - LT/ ST-Bank Guarantee	Simple
6	Non-fund-based - ST-Letter of credit	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](mailto:care@careedge.in) for clarifications.

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### About us:

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### Disclaimer:

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