

India Circuits Private Limited

June 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	90.00	CARE BB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The long-term rating assigned to the bank facilities of India Circuits Private Limited (ICPL) is constrained on account of modest scale of operations, elongated operating cycle and foreign exchange fluctuation risk. The rating is further constrained by raw material price volatility and technology obsolescence risk. However, the rating derives strength from high profitability margins, moderate capital structure and debt protection metrics along with experienced directors with established track record of operations. The rating also takes cognizance of ongoing debt funded capex pertaining to capacity expansion and technology upgradation.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations as marked by growth in total operating income (TOI) above Rs. 150 crores with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 15% on a sustained basis.
- Improvement in operating cycle to below 120 days on sustained basis.
- Timely and successful execution of the project within envisaged cost with stabilization of the new facilities addition.

Negative factors

- Decline in scale of operations with TOI below Rs. 80 crores with PBILDT margin below 12% on a sustained basis.
- Deterioration in capital structure marked by an overall gearing of more than 2.50x on sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook is due to CARE Ratings expectation of sustainability of scale of operations and profit margins backed by experienced promoters and the company's long track record of operations.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

The scale of operations of the company remained modest as reflected by total operating income of Rs.93.45 (PY: Rs.73.25 crore). The modest scale limits the company's financial flexibility in times of stress and deprives it of scale benefits. However, the same is on a growing trajectory with company reporting ~28% growth on y-o-y (year on year) basis largely backed by imposition of anti-dumping duty on printed circuit boards (Company's main product) resulting in higher realization and demand for domestic manufacturers.

Working capital intensive nature of operations

The entity's operations are working capital intensive as reflected by operating capital cycle of 162 days respectively during FY25 (PY: 193 days). Since majority of the company's raw material (copper clad laminates and ink) are imported from China and Taiwan, the company has to maintain adequate inventory in the form of raw material to ensure smooth production process leading to high inventory holding period of 110 days in FY25 (PY: 116 days). Being in highly competitive nature of industry, the company has to offer liberal credit period of around 3 months to its customers. However, the company receives payable period of around 1-2 months from its suppliers. The working capital borrowings of the company remained almost 80% utilized during the past 12 months ending May 31, 2025.

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

Project implementation & stabilization risk

The company is under-going a capacity expansion project at an estimated cost of Rs.42.63 crore (~115% of tangible net-worth as on March 31, 2025) pertaining to capacity expansion from 3,53,000 square metre of PCB per annum to 4,50,000 square metre of PCB per annum at the existing plant in Barwala, Haryana which will also include capacity to produce multi-layered printed circuit board. The aforementioned capex is to be funded through term loan (~Rs.30.00 crore (~67%)) (sanctioned) and remaining from internal accruals and unsecured loan from promoters. Till March 31, 2025, the company had incurred ~Rs.16.00 crore on the aforementioned capex funded through term loan (~Rs.14.00 crore) and remaining from internal accruals with the capex expected to be complete by March 2026. Timely completion of the capex without any cost overrun would remain a key monitorable.

Foreign exchange fluctuation risk

ICPL's raw materials required for the manufacturing of printed circuit boards are majorly procured from international markets. With initial cash outlay for procurement in foreign currency and significant chunk of sales realization in domestic currency, the company is exposed to the fluctuation in exchange rates. Further, the company does not hedge its foreign currency exposure, thus company's profitability margins are exposed to volatility in foreign exchange. As per management, company has earned ₹0.27 crore through foreign exchange gain in FY24. Moreover, any change in government policies, either domestic or international is likely to affect the company's revenues. Earnings are also susceptible to strict regulatory policies relating to tariff barriers (custom duty), non- tariffs barriers (restriction on the quality of imports), anti- dumping duties, international freight rates and port charges.

Exposure to raw material price volatility risk and technology obsolescence

ICPL's raw materials which include copper clad laminates, printing ink, glass fibre, etc. required for the manufacturing of printed circuit boards constitute a major component of the raw material of the total cost of production; hence any sharp volatility in their prices has a direct impact on the profitability margins of the company. Further, Electronics Manufacturing Services (EMS) industry is accustomed to continuous innovations in products, persistent improvements in processes and rapid changes and adoption of new and better technologies. Given the risk of technological obsolescence, the industry players are required to undertake continuous upgrades/improvements to sustain their competitive advantage.

Key strengths**Experienced directors coupled with long track record of operations**

ICPL is a family run business. The company is currently managed by Mr. Rajneesh Kumar Garg and Mrs. Manju Garg. Mr. Rajneesh Kumar Garg (Managing Director); is a postgraduate (M. Tech.) and holds an experience of more than three decades in the electrical equipment industry through his association with this entity. He is ably supported by his wife; Mrs. Manju Garg who is also a postgraduate and holds an experience of more than two decades in the electrical equipment industry through his association with this entity. The directors have adequate acumen about various aspects of business which is likely to benefit the company in the long run. This long-standing experience and expertise in the industry has enabled them to establish good relationship with customers and suppliers.

Healthy profitability margins

ICPL's operating profitability exhibited an upward trend with a PBILDT margin within the range of 13-20% in the past three years ended FY25. It stood healthy at 19.86% during FY25, with a y-o-y improvement of 439 bps on account of improvement in sales realization with the company's focus on value-added products fetching better margins. In line with PBILDT Margin, Profit after Tax (PAT) margin also improved to 9.82% in FY25 as against ~6.00% in FY24. The margins are expected to remain stable as the company continues to benefit from its well-established market reputation and long-standing relationships with its customer base.

Moderate capital structure and debt coverage indicators

As on March 31, 2025, the debt profile of the company comprises of term loan to the tune of Rs 24.67 crore, loan from related parties of Rs. 14.95 crore and working capital borrowings to the tune of Rs 14.31 crores against net worth base of Rs 38.94 crore. The capital structure of the company stood moderate marked by overall gearing of 1.38x as on March 31, 2025, as against 1.67x as on March 31, 2024. Further, on account of improved profitability levels, the debt coverage indicators of the company as marked by interest coverage ratio and Total Debt to GCA stood moderate at 3.87x and 4.12x in FY25 from 2.85x and 6.93x in FY24.

Liquidity: Stretched

The liquidity is stretched on account of high working capital utilization of 80% for 12-month period ending May 2025. The company has earned gross cash accruals of Rs 13.08 crore in FY25 and is expected to generate gross cash accruals of Rs 13.25 crores

against gross loan repayment of Rs 3.26 crore in FY26. The company had free cash and bank balance of Rs 0.04 crore as on March 31, 2025. The current ratio and quick ratio stood at 1.92x and 1.08x respectively as on March 31, 2025.

Assumptions/Covenants: Not Applicable

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](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

India Circuits Private Limited (ICPL) was initially established in the year 1989 as a proprietorship firm under the name of "M/s Garg Electronics" by Mr. Rajneesh Kumar Garg. In January 2007, it was subsequently converted into a public limited company and hence, the name was changed to "M/s India Circuits Limited". Later in 2020, it was reconstituted as a private limited company and hence, the name was rechristened to the present one. The company is currently managed by Mr. Rajneesh Kumar Garg and Mrs. Manju Garg. The company is engaged in the manufacturing of various types of printed circuit boards (PCBs) such as single sided PCBs, double sided PCBs, etc. ICPL has its office in Chandigarh, and manufacturing facilities in Barwala (Haryana). having a combined installed capacity to manufacture 4,38,000 square meters per annum of printed circuit boards as on March 31, 2025. The products manufactured by the company finds its application in diverse industries such as automobile, consumer electronics, electrical, consumer durables, industrial instruments, etc

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	73.25	93.45
PBILDT	11.33	18.56
PAT	4.38	9.17
Overall gearing (times)	1.67	1.38
Interest coverage (times)	2.85	3.87

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

Status of non-cooperation with previous CRA: Not Applicable

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Long Term		-	-	-	16.00	CARE BB+; Stable
Term Loan-Long Term		-	-	31-10-2032	74.00	CARE BB+; Stable

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	-	-	-	-	1)CARE BB; Stable (23-Feb-24) 2)Withdrawn (23-Feb-24)	1)CARE BB; Stable (16-Mar-23)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (23-Feb-24) 2)CARE BB; Stable (23-Feb-24)	1)CARE BB; Stable (16-Mar-23)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	-	1)CARE BB; Stable / CARE A4 (23-Feb-24) 2)Withdrawn (23-Feb-24)	1)CARE BB; Stable / CARE A4 (16-Mar-23)
4	Term Loan-Long Term	LT	74.00	CARE BB+; Stable				
5	Fund-based-Long Term	LT	16.00	CARE BB+; Stable				

LT: Long 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-Long Term	Simple
2	Term Loan-Long Term	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

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