April 04, 2014

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF TEMPSENS INSTRUMENTS (INDIA) PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	21.23	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	13.50	CARE A3 (A Three)	Reaffirmed
Total Facilities	**34.73**		

Rating Rationale

The ratings continue to derive strength from the wide experience of the promoters of Tempsens Instruments (India) Private Limited (TIPL) in the temperature measurement equipment business, its established track record of operations and financial risk profile marked by healthy profitability margins and favourable capital structure. The ratings also take into consideration the stabilization of its operations in its recently completed expansion project for cable manufacturing, reputed and diversified customer base, customized product offerings catering to diversified industries and technical tie-up with the global suppliers.

The ratings, however, continue to remain constrained on account of its weak liquidity position, long operating cycle, high level of competition due to the fragmented nature of the industry and ongoing debt-funded capex.

Increase the presence in the thermal instruments market with broadening of product portfolio and better working capital management as well as subsequent stabilization of operations with improvement in overall financial risk profile is the key rating sensitivities.

Background

Initially established as a partnership firm in 1985 by Mr C. P. Talesara, Mr P. S. Talesara, Mr V. P. Rathi and Mr N. K. Pande, TIPL was converted into a private limited company in 1990. It is a part of the Pyrotech Group of Udaipur and is engaged in the manufacturing of temperature measurement & control equipment and solutions for industrial applications catering to a wide range of industries. The products find application in new setups as well as regular replacements in temperature controlled processes. It also manufactures cables for temperature sensors and instrumentation at its manufacturing facilities at Udaipur (Rajasthan) which is ISO 9001:2008 certified and National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited laboratory.

During FY13 (refers to the period April 1 to March 31), TIPL reported a total income of Rs.59.53 crore (FY12: Rs.60.40 crore), with a PAT of Rs.4.09 crore (FY12: Rs.4.40 crore).

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[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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