

September 15, 2023

Ace Designers Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long Term – Term Loans	100.00	100.00	[ICRA]A+ On Rating Watch with Developing Implications
Short Term – Fund-based Facilities	80.00	80.00	[ICRA]A1 On Rating Watch with Developing Implications
Total	180.00	180.00	

*Instrument details are provided in Annexure-1

Rationale

Material event:

The ratings for Ace Designers Limited (ADL/ the company) were placed on watch with developing implications following an announcement of amalgamation scheme of Ace Manufacturing Systems Limited (AMSL, an associate company of Ace Designers Limited, rated [ICRA]AA-/A1+, on rating watch with developing implications) with ADL. ICRA understands that NCLT has approved the amalgamation scheme of AMSL and ADL with appointed date being April 01, 2022.

Impact of material event:

ICRA notes that the NCLT has approved the amalgamation scheme of Ace Manufacturing Systems Limited (an associate company of Ace Designers Limited) with Ace Designers Limited (ADL) with appointed date being April 01, 2022. ICRA is currently engaging with the company to understand and assess the credit profile as well as the outlook for the resultant entity and will take appropriate rating action as required. Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, and Rating sensitivities. [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ADL.

About the company

Incorporated in 1979, Ace Designers Limited (ADL / the company) was started as a partnership firm by three technocrat promoters viz. Mr. Shrinivas G. Shirkurkar, Mr. B. Machado and Mr. A.V. Sathe to provide technical expertise in the designing of machine tools. The company presently specialises in manufacturing of CNC lathes with its product range including both standard CNC lathes and customised machines equipped with tools to meet specific requirements of the customers. The company caters to a wide number of industries including automotive, engineering, bearings, plastic, irrigation, education, defence, etc.

Key financial indicators (audited)

ADL Consolidated	FY2021	FY2022
Operating Income (Rs. crore)	648.2	983.2
PAT (Rs. crore)	-10.9	13.1
OPBDIT/OI (%)	3.2%	4.7%
PAT/OI (%)	-1.7%	1.3%
Total Outside Liabilities/Tangible Net Worth (times)	1.2	1.1
Total Debt/OPBDIT (times)	6.1	2.7
Interest Coverage (times)	1.4	4.2

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation Source: Company, ICRA Research;. All ratios as per ICRA calculations.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the past 3 years				
		Amount Rated (Rs. crore)	Amount Outstanding as of Sep 30, 2022 (Rs. crore)	Date & rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
				September 15, 2023	February 03, 2023	Dec 29, 2021	Oct 22, 2020	May 04, 2020
1 Term Loan	Long Term	100.0	94.9	[ICRA]A+&	[ICRA]A+&	[ICRA]A+ (Stable)	[ICRA]A+ (Negative)	[ICRA]A+ (Negative)
2 Fund based facilities	Short Term	80.0	24.2	[ICRA]A1&	[ICRA]A1&	[ICRA]A1	[ICRA]A1	[ICRA]A1

&: Rating Watch with Developing Implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Short Term – Fund Based	Simple
Long Term – Fund Based - TL	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Long Term - Term Loan	FY2019-FY2023	NA	FY2025	100.00	[ICRA]A+ On Rating Watch with Developing Implications
NA	Short Term - Fund based Facilities	NA	NA	NA	80.00	[ICRA]A1 On Rating Watch with Developing Implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis

Company Name	ADL's Ownership	Consolidation Approach
Taurus Private Limited	100.00%	Full Consolidation
AMACE Solutions Private Limited	47.00%	
Ace Multi Axes Systems Limited	31.47%	
Micromatic Machine Tools Private Limited	23.03%	ADL's share of profit consolidated
Ace Manufacturing Systems Limited	25.39%	
Ace Micromatic International Private Limited	40.00%	

Source: ADL annual report FY2022

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About ICRA Limited:

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Branches



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