

Acrysil Limited

Instrument	Amount Rated	Rating Action
Long term fund based limits (cash credit)	29.00	[ICRA]BBB(stable) ;reaffirmed
Term loans	6.90	[ICRA]BBB(stable);reaffirmed
Short term fund based facilities (EPC,FBP,SLC)	10.00	[ICRA]A3+; upgraded
Short term non-fund based limits (Letter of credit)	0.96	[ICRA]A3+;upgraded

ICRA has reaffirmed the long term rating of [ICRA]BBB (pronounced ICRA triple B) assigned to the Rs 29.00 crore¹ (enhanced from Rs.27.00 crore) fund-based cash credit facilities and Rs 6.90 crore (reduced from Rs.9.11 crore) term loan facilities of Acrysil Limited (Acrysil). The outlook assigned to the long term rating is stable. ICRA has also revised the short term rating to [ICRA]A3+ (pronounced ICRA A three plus) from [ICRA]A3(pronounced ICRA A three) rating assigned to Rs 10.96 crore short-term non fund based bank facilities of Acrysil².

The upgrade of short term rating takes into account healthy ramp of operation on account of increased acceptance of the product in the domestic demand as evident from increased operating income in 9M FY 16 which stood at Rs.125.50. Furthermore, equity infusion by way of private placement in FY16 to the tune of Rs.30.00 crore is expected to aid in improvement in the capital structure and assist in spurring growth, particularly in the domestic market. The ratings also continue to take into account the long standing experience of the promoters in the granite based kitchen sink business and its favorable market position by virtue of being an established player in an industry with limited domestic competition. Further, the ratings also take note of the advantages expected to accrue to Acrysil following its diversification into stainless sink manufacturing and recent acquisition of overseas sink manufacturing companies Home-Style Products Limited.

The ratings continue to be constrained by the relatively high working capital intensive nature of business as evident from NWC/OI of 36%. ICRA also notes the company's susceptibility to foreign exchange currency fluctuations in the absence of a formal hedging mechanism though the imports provide natural hedge to an extent. Ability of the company to scale up its business through its subsidiaries and step down subsidiaries (remains critical from the credit perspective). The ratings are further constrained by deterioration of financial profile on account of increased leverage undertaken for debt funded acquisition of Home-Style Products Limited and higher working capital requirements.

It is to be noted that, while assigning the rating that ICRA has taken a consolidated view, along with its subsidiary Acrysil Steel Limited, Sternhagen Bath Private Limited, Acrysil Appliances Limited, Acrysil GmbH, Germany, Acrysil UK Limited and Home-Style Products Limited- UK (step down Subsidiary).

Company Profile

Acrysil Limited was incorporated in 1987 by first generation promoter Mr. Ashwin Parekh and is engaged in manufacturing of granite based kitchen sinks which is referred as "Composite Quartz Sink". The company started through a technical collaboration with "Schock & Co." of Germany which is a leading decorative mouldings company in the world. The registered office of the Company is situated at Mumbai. The manufacturing plant of the Company is located at Bhavnagar, Gujarat and is ISO: 9000:2001 certified. At present, the unit has a total installed capacity of manufacturing 3,00,000 sinks per annum with actual production in FY 2014-15 being 2,34,334 units. About 78% granite based sinks manufactured by Acrysil were exported in FY 2014-15 mainly to Europe and USA.

Recent Results

During FY 2015-16(9M), Acrysil reported a consolidated profit after tax (PAT) of Rs. 10.34 crore on an operating income of Rs 125.40 crore as compared to a profit after tax of Rs. 9.01 crore on an operating income of Rs.127.79 crore for the year FY 2014-15.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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