Rating Rationale

April 30, 2025 | Mumbai

Aimil Limited

Ratings upgraded to 'Crisil BBB+/Stable/Crisil A2'

Rating Action

Total Bank Loan Facilities Rated	**Rs.81 Crore**
Long Term Rating	**Crisil BBB+/Stable (Upgraded from 'Crisil BBB/Positive')**
Short Term Rating	**Crisil A2 (Upgraded from 'Crisil A3+')**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale
Crisil Ratings has upgraded its ratings on the bank facilities of Aimil Limited (Aimil; a part of the Aimil group) to **'Crisil BBB+/Stable/Crisil A2'** from 'Crisil BBB/Positive/Crisil A3+'

The upgrade reflects the sustained improvement in the business risk profile of Aimil Group, supported by steady growth in revenue and operating margin. Revenue recorded a compounded annual growth rate (CAGR) of 18% over the three fiscals ended March 31, 2024, and is projected to show a further year on year growth of 18-20% to around Rs 495-500 crore during fiscal 2025; revenue is estimated to be around Rs 330 crore till December 2024. Revenue growth will be aided by healthy order inflow defense, infrastructure, railways and IITs among others. Further, the operating margin is expected to rebound back to 12.5-13.0% in fiscal 2025 and is projected to sustain at 12-13% over the medium term backed by healthy contribution from services segment. Sustained improvement in the scale of operations while sustaining healthy margins would remain monitorable.

The ratings also factor in the healthy financial risk profile, with healthy networth and low dependence on debt leading to low gearing. Debt protection metrics are likely to remain comfortable over the medium term as well, aided by steady operating margin and moderate reliance on external debt. Liquidity is adequate, supported by moderate utilization of the bank limit during the 12 months through February-2025, and sufficient net cash accrual against debt obligation.

The ratings continue to reflect the extensive experience of the promoters in the instrumentation and technology industry, their established clientele and the healthy financial risk profile of the group. These strengths are partially offset by moderate scale of operations amid susceptibility to cyclicality in the industry and large working capital requirement.

Analytical Approach
To arrive at the ratings, Crisil Ratings has combined the business and financial risk profiles of Aimil and its subsidiaries Nextgen eSolutions Pvt Ltd and Lube Expert Pvt Ltd, Ele International Instruments Ltd (U.K.) and joint venture, Pruftechnik Aimil Condition Monitoring Pvt Ltd. This is because Aimil has significant stakes in, and financial linkages with, these entities, collectively referred to herein as the Aimil group.

Unsecured loans (Rs 11.78 crore as on March 31, 2024), extended by the promoters, have been treated as debt because these loans carry an interest rate of 10% and shall be repaid over the coming fiscals.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description
Strengths:
Extensive experience of the promoters and established customer relationships: The two-decade long experience of promoters in the instrumentation and technology industry, their strong understanding of market dynamics and exclusive association with leading global technology companies such as Elcometer, Malvern Panalytical, GSSI and Extech and distributors for 80+ other brands which will continue to support the business risk profile. Healthy relationships with principals and customers (both government bodies and private players) have helped the group emerge as a large player in the testing equipment industry. Diversification of key end user industry base and established relationships has led to steady growth in revenue over the years, with operating income estimated at Rs 495-500 crore in fiscal 2025 (Rs 419 crore in fiscal 2024). Sustained growth in revenue and a steady margin, will be closely monitored.

Healthy financial risk profile: The financial risk profile is marked by strong networth and gearing projected to be in the range of Rs 185-190 crore and below 0.2 time, respectively, as on March 31, 2025, as against Rs 148 crore and 0.2 time, respectively, a year before. Improvement in networth will be supported by steady accretion to reserves. Aimil is estimated to have no long term debt on its books as on March 31, 2025. The limited dependence on bank debt kept debt protection indicators healthy, with interest coverage projected to be 17-18 times for fiscal 2025. In the absence of any debt-funded capital expenditure (capex) plans, the financial risk profile is expected to remain comfortable over the medium term.

Weaknesses:
Moderate scale of operations amid susceptibility to cyclicality in the industry: Though operating income is expected to grow to Rs 495-500 crore as the company has booked revenue of Rs 330 crore till December-2024 and are further expected to grow by a healthy rate of 15-20% in fiscal 2026 and 2027, the scale remains moderate. The business remains susceptible to cyclicality in the industry, driven by fluctuating demand from end-user industries. Further, the demand for equipments depends on economic growth and infrastructural development. Steady order inflow, leading to sustained growth in revenue, will be a key monitorable.

Large working capital requirement: Operations are working capital intensive as reflected in gross current assets (without cash) at 155 days as on March 31, 2024, driven majorly by debtors of 125 days owing to retention money held with government bodies and inventory of 39 days as majorly equipments are imported. However, the working capital cycle is partially supported by credit period available from creditors. The working capital cycle is expected to remain in the range of

150-160 days due to delays in payments from government authorities and retention money in the medium term. While prudent management has resulted in timely realization of receivables and liquidation of inventory, sustenance of the cycle amidst revenue growth will be closely monitored.

Liquidity: Adequate

Bank limit utilisation is low at around 25 percent for the past twelve months ended February 2025.Cash accrual are expected to be over Rs 45-53 crore which are sufficient against no term debt obligation of over the medium term. In addition, it will act as cushion to the liquidity of the company. Current ratio is healthy at 2.1 times on March 31, 2024. Liquidity is further supported by free cash and bank balances of Rs 40 crore as on March 31, 2025 and expected to remain around similar levels in coming fiscals.

Outlook: Stable

Crisil Ratings believes that the Aimil group will continue to benefit from the extensive experience of its promoters in the testing equipment industry.

Rating sensitivity factors

Upward factors

- Steady growth in scale of operations along with sustenance in operating margins over 12-13%, leading to higher-than-expected cash accrual
- Significant improvement in the working capital cycle, thereby reducing GCAs

Downward factors

- Steep decline in revenue or operating margin below 8-9%, resulting in lower-than-expected cash accrual
- Further stretch in the working capital cycle, driven by delay in realisation of receivables

About the Group

The Aimil group, which was incorporated in 1932, is run by Mr. Pranav Kapur and Ms. Mallika Kapur. The Delhi-based group is an exclusive distributor of various overseas instrumentation principals in India, and it also offers servicing facilities for the same. The group also has a facility in Delhi to manufacture civil engineering instruments, which are sold in domestic and overseas markets. Further, the group provides infrastructure consultancy and other consultancy services also.

Key Financial Indicators

As on / for the period ended March 31		2024	2023
Operating income	Rs crore	419.22	351.24
Reported profit after tax	Rs crore	25.08	24.45
PAT margins	%	5.98	6.96
Adjusted Debt/Adjusted Net worth	Times	0.20	0.38
Interest coverage	Times	9.67	10.31

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	22.00	NA	Crisil A2
NA	Cash Credit	NA	NA	NA	30.00	NA	Crisil BBB+/Stable
NA	Letter of Credit	NA	NA	NA	3.00	NA	Crisil A2
NA	Loan Against Property	NA	NA	NA	16.00	NA	Crisil BBB+/Stable

NA	Standby Line of Credit	NA	NA	NA	3.00	NA	Crisil BBB+/Stable
NA	Working Capital Demand Loan	NA	NA	NA	1.50	NA	Crisil BBB+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	5.50	NA	Crisil BBB+/Stable

Annexure – List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Aimil Limited	Full	Significant business and financial linkages
Pruftechnik Aimil Condition Monitoring Private Limited		Jointly controlled entity in same business having significant financial linkages
Nextgen Esolutions Private Limited		Aimil's subsidiary with Aimil holding 83.93% in company
Lube Expert Private Limited		Wholly-owned subsidiary
Ele International Instruments Ltd (U.K.)		Wholly-owned subsidiary

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	56.0	Crisil BBB+/Stable		--	31-01-24	Crisil BBB/Positive		--	30-11-22	Crisil BBB/Stable	Crisil A3 / Crisil BBB-/Stable
Non-Fund Based Facilities	ST	25.0	Crisil A2		--	31-01-24	Crisil A3+		--	30-11-22	Crisil A3+	Crisil A3

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	22	State Bank of India	Crisil A2
Cash Credit	3	HDFC Bank Limited	Crisil BBB+/Stable
Cash Credit	18	State Bank of India	Crisil BBB+/Stable
Cash Credit	9	Citibank N. A.	Crisil BBB+/Stable
Letter of Credit	3	State Bank of India	Crisil A2
Loan Against Property	16	HDFC Bank Limited	Crisil BBB+/Stable
Proposed Long Term Bank Loan Facility	5.5	Not Applicable	Crisil BBB+/Stable
Standby Line of Credit	3	State Bank of India	Crisil BBB+/Stable
Working Capital Demand Loan	1.5	State Bank of India	Crisil BBB+/Stable

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)
Criteria for consolidation

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