

Press Release

Synergy Electric Private Limited (SEPL)

May 10, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 48.51 Cr.
Long Term Rating	SMERA D
Short Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA D (read as SMERA D)**' and short term rating of '**SMERA D (read as SMERA D)**' on the Rs. 48.51 crore bank facilities of Synergy Electric Private Limited.

Synergy Electric Private Limited (SEPL) formerly known as Synergy Renewable Energy Private Limited was incorporated in 1999 by Mr. Cecil Antony and Mr. Francis Antony. The company is engaged in the manufacturing of solar photovoltaic module. It has a manufacturing facility at Durgapur, West Bengal with installed capacity of 50 MW per annum.

Key Rating Drivers

Strengths

- Experienced management

The directors of the company, Mr. Cecil Antony and Mr. Francis Antony have a long experience in this industry for the past 19 years.

Weaknesses

- Delays in servicing debt obligation

There are ongoing delays in the interest obligation and principal repayment wherein payments are delayed for period of 60 to 90 days from the date same is charged every month.

- Weak financial risk profile

The weak financial risk profile of the company is marked by negative networth, negative gearing and weak debt protection metrics. The net worth of the company stood at negative Rs.21.05 crore in FY2017 as compared to negative Rs.10.25 crore in FY2016. The net worth stood negative due to accumulated loss over the years. The gearing of the company stood negative 3.31 times in FY2017 as compared to negative 7.09 times in FY2016. The interest coverage ratio (ICR) of the company stood low at negative 0.45 times in FY2017 as compared to negative 0.42 times in FY2016. The debt service coverage ratio (DSCR) of the company stood negative 0.38 times in FY2017 as compared to negative 0.44 times in FY2016. The net cash accruals against the total debt stand low at negative 0.14 times in FY2017 as compared to negative 0.14 times in FY2016.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	9.01	12.68	8.36
EBITDA	Rs. Cr.	(3.05)	(2.94)	3.51
PAT	Rs. Cr.	(14.84)	(13.44)	(9.49)
EBITDA Margin (%)	(%)	(33.85)	(23.20)	42.01
PAT Margin (%)	(%)	(164.70)	(106.01)	(113.51)
ROCE (%)	(%)	(14.00)	(9.60)	(1.35)
Total Debt/Tangible Net Worth	Times	(3.31)	(7.09)	(10,847)
PBDIT/Interest	Times	(0.45)	(0.42)	0.44
Total Debt/PBDIT	Times	(22.82)	(25.70)	18.80
Gross Current Assets (Days)	Days	636	625	1164

Analytical Approach

SMERA has considered standalone financial and business risk profile of the company.

Status of non-cooperation with previous CRA (if applicable)

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
21-Aug-2017	Working Capital Demand Loan	Long Term	INR 3.30	SMERA D (Indicative)
	Cash Credit	Long Term	INR 7.08	SMERA D (Indicative)
	Term Loan	Long Term	INR 12.90	SMERA D (Indicative)
	Term Loan	Long Term	INR 12.88	SMERA D (Indicative)
	Cash Credit	Long Term	INR 3.70	SMERA D (Indicative)
	Working Capital Demand Loan	Long Term	INR 1.65	SMERA D (Indicative)
	Letter of Credit	Short Term	INR 2.00	SMERA D (Indicative)
	Bank Guarantee	Short Term	INR 5.00	SMERA D (Indicative)

04-May-2016	Working Capital Demand Loan	Long Term	INR 4.95	SMERA D (Reaffirmed)
	Cash Credit	Long Term	INR 7.08	SMERA D (Reaffirmed)
	Term Loan	Long Term	INR 12.90	SMERA D (Reaffirmed)
	Term Loan	Long Term	INR 12.88	SMERA D (Reaffirmed)
	Overdraft	Long Term	INR 3.70	SMERA D (Reaffirmed)
	Letter of Credit	Short Term	INR 2.00	SMERA D (Reaffirmed)
	Bank Guarantee	Short Term	INR 5.00	SMERA D (Reaffirmed)
25-March-2015	Working Capital Loan	Long Term	INR 3.30	SMERA D (Assigned)
	Cash Credit	Long Term	INR 7.08	SMERA D (Assigned)
	Term Loan	Long Term	INR 25.78	SMERA D (Assigned)
	Overdraft	Long Term	INR 5.35	SMERA D (Assigned)
	Letter of Credit	Short Term	INR 2.00	SMERA D (Assigned)
	Bank Guarantee	Short Term	INR 5.00	SMERA D (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Working Capital Loan	Not Applicable	Not Applicable	Not Applicable	INR 3.30	SMERA D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	INR 7.08	SMERA D (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	INR 25.78	SMERA D (Reaffirmed)
Overdraft	Not Applicable	Not Applicable	Not Applicable	INR 5.35	SMERA D (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	INR 2.00	SMERA D (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	INR 5.00	SMERA D (Reaffirmed)

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ABOUT SMERA

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