

Press Release

Orbis Elevator Company Limited

May 22, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 9.71 Cr.
Long Term Rating	SMERA BB / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA BB**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 9.71 crore bank facilities of Orbis Elevator Company Limited. The outlook is '**Stable**'.

The Ahmedabad-based Orbis Elevator Company Limited (OECL) is engaged in the manufacturing, installation and servicing of elevators and escalators. The company caters to various industries including pharma, power, real estate among others.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

OECL incorporated in 1995 is engaged in the manufacturing, installation and servicing of elevators and escalators. The company was promoted by Mr. Mahendrabhai L. Patel, Mr. Babubhai L. Patel and Mrs. Kailashben M. Patel who possess extensive experience in the industry. The promoters have developed healthy relations with customers and suppliers.

- **Established relations with government entities**

OECL has long term relations with government entities and reputed customers such as R & B Department, Government of Gujarat; Gujarat State Electricity Corporation Limited among others. The company also executes orders related to erection, installation, commissioning and annual maintenance services.

- **Comfortable financial risk profile**

OECL has above average financial risk profile marked by moderate gearing and coverage indicators. The Gearing (Debt-to Equity) stood at 1.20 times as on March 31, 2016 as against 1.81 times as on March 31, 2015. The interest coverage ratio (ICR) stood at 3.90 times in FY2016 as against 3.70 times in FY2015. The tangible net worth stood low at Rs. 4.06 crore as on 31 March, 2016.

Weaknesses

- **Modest scale of operations**

OECL has modest scale of operations marked by operating income of Rs.27.88 crore in FY2015-16 as against Rs.25.28 crore in FY2014-15. The company achieved revenue of Rs.32.00 crore from 01 April, 2016 to 18 March, 2017. OECL has unexecuted orders in hand of Rs.53.00 crore as on 18 March, 2017 that provides revenue visibility for the medium term.

- **Working capital intensive nature of operations**

The operations are working capital intensive marked by Gross Current Assets (GCAs) of 133 days for

FY2016 as against 118 days for FY2015. This is on account of high debtor days of 151 and Inventory holding of 9 days for FY2016. The working capital utilisation stood at ~80 percent for the last six months ended February, 2017.

• **Intense market competition**

OECL is exposed to intense competition from major players in the industry such as Kone India, Fujitec India, Otis Elevator Company among others.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of OECL to arrive at the rating.

Outlook: Stable

SMERA believes that OECL will maintain a stable outlook and continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' if the company scales up operations while maintaining its operating profitability. Conversely, the outlook may be revised to 'Negative' if it fails to achieve the scale of operations and profitability or if the financial risk profile deteriorates owing to more than envisaged working capital borrowings.

About the Rated Entity - Key Financials

For FY2015-16, the company reported net profit of Rs.0.65 crore on operating income of Rs.27.88 crore, as compared with net profit of Rs.0.63 crore on operating income of Rs.25.28 crore in FY2014-15. The net worth stood at Rs.4.06 crore as on March 31, 2016 as against Rs.3.46 cr a year earlier.

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

CARE, vide release dated March 21, 2016 suspended the ratings of OECL on account of lack of adequate information required for monitoring of ratings

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA BB / Stable
Term loans	Not Applicable	Not Applicable	31-Jul-2021	1.05	SMERA BB / Stable
Term loans	Not Applicable	Not Applicable	6-Apr-2022	0.66	SMERA BB / Stable
Bank	Not	Not	Not	0.75	SMERA A4+

guarantee/Letter of Guarantee	Applicable	Applicable	Applicable		
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA BB / Stable
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	4.25	SMERA A4+

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ABOUT SMERA

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