

Press Release

Orbis Elevator Company Limited

June 28, 2018

Rating Reaffirmed



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

* Refer Annexure for details

Rating Rationale

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

Orbis Elevator Company Limited (OECL), incorporated in 1995, is an Ahmedabad (Gujarat) based company. The company is promoted by Mr. Mahendrabhai L. Patel, Mr. Babubhai L. Patel and Mrs. Kailashben M. Patel. The company is engaged in manufacturing, installing and service of elevator and escalator. OECL offers complete elevator and escalator system solutions for public, private and corporate sectors. ORBIS mainly caters to dairy, pharmaceutical companies, atomic, thermal, hydro and other power plants, semi - government and government high rise buildings, prominent real estate companies, small, medium and large scale industries, star rated hotels, various government undertakings and many low, medium and high rise buildings across the global.

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 promoters possess extensive experience of more than two decades in the industry. The promoters have developed healthy relations with customers and suppliers over the time. Acuite believes OECL will be benefited by the established track record and experienced management over the medium term.

- **Healthy order book position with reputed customer base**

OECL has long term relations with government entities and reputed customers such as PWD Department, R & B Department, Government of Gujarat, Gujarat State Electricity Corporation Limited, among others since 1995. The company also executes orders related to erection, installation, commissioning and annual maintenance services. The order book position stood at Rs.75.85 crore as on May 2018 which gives visibility of the revenues over the medium term.

- **Moderate financial risk profile**

The financial risk profile of OECL is moderate marked by tangible net worth of Rs.6.17 crore as on 31 March, 2018 (Provisional). The total debt of Rs.8.58 crore outstanding as on 31 March, 2018 (Provisional) comprises Rs.2.67 crore as term loan from bank, Rs.3.55 crore as unsecured loans from promoters and Rs.2.35 crore as working capital borrowing from the bank. The gearing ratio improved to 1.39 times as on 31 March, 2018 (Provisional) as against 1.88 times as on 31 March, 2017. Interest Coverage Ratio stood at 3.12 times in FY2018 (Provisional) as against 3.50 times in FY2017. DSCR stood at 1.71 times in FY2018 (Provisional) as against 2.01 times in FY2017. The net cash accruals remained stable at Rs.1.95 crore in FY2018 (Provisional) as against Rs.1.98 crore in FY2017. The NCA/TD ratio stood at 0.23 times in FY2018 (Provisional) as against 0.21 times in FY2017. Acuite believes OECL will sustain its financial risk profile backed by healthy accruals over the near to medium term on the basis of healthy order book position.

Weaknesses

• Working capital intensive nature of operations

The operations of OECL have remained working capital intensive marked by Gross Current Asset days of 170 in FY2018 (Provisional), as against 155 days in FY2017. This is on account of high receivable days due to delayed payments by government entities. The company gets extended credit period from its suppliers of around 150 to 200 days which moderates the working capital requirement. Further, the average bank limit utilisation stood at 60 percent for the last six months ended 31 May, 2018. Inventory holding period has increased to 32 days in FY2018 (Provisional) from 9 days in the previous year due tender based nature of business. Acuite believes that being into capital goods industry, the operations of OECL will remain working capital intensive.

• Intense market competition

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

Analytical Approach

Acuite has considered the standalone business risk profile of Orbis Elevator Company Limited to arrive at the rating.

Outlook: Stable

Acuite believes that OECL will maintain a 'Stable' outlook from its long track of operations and experienced management over the medium term. The outlook may be revised to 'Positive' if the company increases its scale of operations substantially, while maintaining its operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected profitability or if financial risk profile deteriorates due to more than envisaged working capital borrowings.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	32.85	37.28	27.88
EBITDA	Rs. Cr.	2.84	3.39	2.81
PAT	Rs. Cr.	1.16	0.98	0.65
EBITDA Margin	(%)	8.63	9.10	10.08
PAT Margin	(%)	3.52	2.63	2.33
ROCE	(%)	14.53	22.28	19.99
Total Debt/Tangible Net Worth	Times	1.39	1.88	1.20
PBDIT/Interest	Times	3.12	3.50	3.90
Total Debt/PBDIT	Times	2.94	2.63	1.66
Gross Current Assets (Days)	Days	170	155	133

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

None

Any other information

"Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups"

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
22-May-2017	Cash Credit	Long Term	1.50	ACUITE BB / Stable (Assigned)
	Term Loan	Long Term	1.05	ACUITE BB / Stable (Assigned)
	Term Loan	Long Term	0.66	ACUITE BB / Stable (Assigned)
	Bank Guarantee	Short Term	0.75	ACUITE A4+ (Assigned)
	Proposed Cash Credit	Long Term	1.50	ACUITE BB / Stable (Assigned)
	Proposed Bank Guarantee	Short Term	4.25	ACUITE A4+ (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	31-Jul-2021	1.05	ACUITE BB / Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	6-Apr-2022	0.66	ACUITE BB / Stable (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4+ (Reaffirmed)

Contacts

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About Acuité Ratings & Research:

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