

Press Release

Orbis Elevator Company Limited

July 29, 2020

Rating Withdrawn



Total Bank Facilities Rated*	Rs. 9.71 Cr.
Long Term Rating	ACUITE BB (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BB**' (read as **ACUITE double B**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.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 (OECL). The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating and on account of request received from the company and NOC received from the banker.

Ahmedabad-based, Orbis Elevator Company Limited (OECL) was incorporated in 1995 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 globe.

Analytical Approach

Acuité has considered the standalone view of the financial and business risk profiles of Orbis Elevator Company Limited (OECL) to arrive at this rating.

Key Rating Drivers

Strengths

• Experienced management and established track record of operations

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

• Moderate financial risk profile

The financial risk profile of OECL is moderate marked by tangible net worth of Rs.7.68 crore as on March 31, 2020 (Provisional), as against Rs.7.28 crore as on March 31, 2019. The total debt of Rs.7.03 crore outstanding as on 31 March, 2020 (Provisional) comprises of Rs.0.79 crore as term loan from the bank, Rs.4.73 crore as unsecured loans from promoters and Rs.1.52 crore as working capital borrowing from the bank. The gearing ratio improved to 0.91 times as on March 31, 2020 (Provisional) as against 1.13 times as on March 31, 2019. Interest coverage ratio stood at 2.84 times in FY2020 (Provisional) as against 3.41 times in FY2019. DSCR stood at 1.87 times in FY2020 (Provisional) as against 1.19 times in FY2019. The net cash accruals declined to Rs.1.52 crore in FY2020 (Provisional) as against Rs.1.83 crore in FY2019. The NCA/TD ratio stood at 0.22 times in FY2020 (Provisional).

Weaknesses

• Working capital intensive operations

The operations of OECL have remained working capital intensive marked by GCA days of 145 in FY2020

(Provisional), as against 164 days in FY2019. This is on account of high receivable days due to elongated payment terms from government entities. The company gets extended credit period from its suppliers of around 150 to 200 days, which moderates the working capital requirement. Inventory holding period has stood moderate to 26 days in FY2020 (Provisional).

• Declining profitability trend

The operating profitability of the company has shown a downward trend over the last three years under study. The EBITDA margin declined to 5.91 percent in FY2020 (provisional) from 7.81 percent in FY2019 and 8.31 percent in FY2018. This is mainly on account of a rise in manufacturing cost, the burden of which is not completely transferred to the final customer. Further, the PAT margin has also deteriorated marginally over the same period. The PAT margin declined to 2.10 percent in FY2020 (Provisional) from 2.43 percent in FY2019 and 2.52 percent in FY2018.

• Intense market competition

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

Liquidity position: Adequate

The company has an adequate liquidity position marked by intensive working capital operations. The cash and bank balances stood at Rs.0.06 crores as on March 31, 2020 (Provisional) and the current ratio of the company stood at 1.17 times as on March 31, 2020 (Provisional).

Rating Sensitivities

None

Material Covenants

None

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	36.41	38.54
PAT	Rs. Cr.	0.77	0.94
PAT Margin	(%)	2.10	2.43
Total Debt/Tangible Net Worth	Times	0.91	1.13
PBDIT/Interest	Times	2.84	3.41

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Service Sector Entities - <https://www.acuite.in/view-rating-criteria-50.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
11-Sept-2019	Cash Credit	Long term	3.00	ACUITE BB/ Stable (Reaffirmed)
	Term Loan	Long term	0.52	ACUITE BB/ Stable (Reaffirmed)
	Term Loan	Long term	0.18	ACUITE BB/ Stable (Reaffirmed)

	Bank Guarantee	Short term	5.00	ACUITE A4+ (Reaffirmed)
	Proposed Bank Facility	Long term	1.01	ACUITE BB/ Stable (Reaffirmed)
28-Jun-2018	Bank Guarantee	Short term	5.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long term	3.00	ACUITE BB/ Stable (Reaffirmed)
	Term Loan	Long term	0.66	ACUITE BB/ Stable (Reaffirmed)
	Term Loan	Long term	1.05	ACUITE BB/ Stable (Reaffirmed)
22-May-2017	Cash Credit	Long term	1.50	ACUITE BB / Stable (Assigned)
	Term Loan II	Long term	1.05	ACUITE BB/ Stable (Assigned)
	Term Loan III	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 (Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.52	ACUITE BB (Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.18	ACUITE BB (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.01	ACUITE BB (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4+ (Withdrawn)

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About Acuité Ratings & Research:

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