

Press Release

Statcon Energiaa Private Limited

07 May, 2018



Rating Upgraded, Reaffirmed & Assigned

Total Bank Facilities Rated*	Rs.52.00 Cr. (Enhanced from Rs. 35.00 Cr.)
Long Term Rating	SMERA BB+ / Outlook: Stable (Upgraded from SMERA BB/Stable)
Short Term Rating	SMERA A4+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

SMERA has upgraded the long term rating to **'SMERA BB+' (read as SMERA double B plus)** from **'SMERA BB' (read as SMERA double B)** and reaffirmed the short term rating of **'SMERA A4+' (read as SMERA A four plus)** on the Rs. 35.00 crore bank facilities of Statcon Energiaa Private Limited. The outlook is **'Stable'**.

SMERA has assigned the long term rating of **'SMERA BB+' (read as SMERA double B plus)** and short term rating of **'SMERA A4+' (read as SMERA A four plus)** on the Rs. 17.00 crore bank facilities of Statcon Energiaa Private Limited. The outlook is **'Stable'**.

The upgrade is in view of the company being in the pole position for distributing of industrial batteries for Exide Batteries; also the company is the sole authorised distributor. The rating also derives comfort from the company sitting atop a reputed and prominent client list. The Client List includes companies like market leaders like Lanco Solar Energy, Tata power, Adani Energy, Indian Navy, BHEL Limited, L&T Construction, Bajaj Electricals Limited, Indian Air force, TATA Power Limited and Sterling and Wilson.

The Delhi-based SEPL, (the erstwhile Triport Electronics Private Limited) was incorporated in 2009 by Mr. Manoj Pande and commercial operations commenced in March, 2015. The company assembles battery chargers for Bharat Heavy Electricals Ltd, Alstom Project India Ltd, ABB Ltd, and ground power units of the Indian Air Force. The company is also engaged in the assembling of solar inverters and solar rooftop panels (photo-voltaic). SEPL is the sole authorised distributor of industrial batteries for Exide Batteries.

Key rating drivers

Strengths

Established track record of operations and experienced management

Mr. Manoj Pande has over three decades of experience in the industry, while Mr. Anil Dhar has over 25 years of experience in the power solutions industry. SMERA believes that the company will continue to benefit from the extensive experience of the management. The company currently holds a healthy order book position of Rs. 90.00 crore.

Healthy financial risk Profile

SEPL has healthy financial risk profile marked by the Tangible net worth which stood at Rs. 25.25 crore as on 31st March, 2017 as against Rs. 23.96 crore in the previous year. Further, the gearing stood at 0.62 times as on 31st March, 2017 as against 0.45 times in the previous year. The debt of Rs. 15.75 crore mainly consists of working capital borrowings of Rs. 13.47 crore as on 31 March 2017. Also, the Interest Coverage ratio stood at 2.23 times for FY 2017 as against 2.78 times in the previous year. Further the Debt Service Coverage Ratio stood at 1.11 times for FY 2017 as against 2.57 times in the previous year.

Reputed customer profile

SMERA derives comfort from the clientele SEPL caters. The list of SEPL's clients consists of market leaders like Lanco Solar Energy, Tata power, Adani Energy, Indian Navy, BHEL Limited, L&T Construction, Bajaj Electricals Limited, Indian Air force, TATA Power Limited among several others

Weaknesses

Working Capital Intensive Operations

SEPL reported moderate GCA days of 280 days in FY2017 as compared to 244 days in FY2016 on account of high debtor days of 158 days in FY2017 as compared to 157 days in FY2016. Further the cash credit utilization stood at 90-95 percent in the past 6 months.

Highly fragmented industry marked by intense competition

SEPL operates in a highly fragmented industry where the presence of large number of players in the unorganized sector limits the bargaining power of customers which is evident from moderate profitability margins of the company.

Analytical approach:

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

Outlook – Stable

SMERA believes that the outlook on SEPL's rated facilities will remain 'Stable' over the medium term. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues while maintaining comfortable debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	81.14	86.89	6.71
EBITDA	Rs. Cr.	4.72	5.29	0.40
PAT	Rs. Cr.	1.24	2.28	0.28
EBITDA Margin	(%)	5.82	6.09	5.98
PAT Margin	(%)	1.53	2.62	4.14
ROCE	(%)	12.60	27.90	35.86
Total Debt/Tangible Net Worth	Times	2.29	2.20	7.02
PBDIT/Interest	Times	2.23	2.78	1,677.64
Total Debt/PBDIT	Times	12.60	27.90	35.86
Gross Current Assets (Days)	Days	280	244	381

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.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>

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

None

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
01-Feb-2017	Cash Credit	Long Term	8.00 (Enhanced from Rs. 4.00 crore)	SMERA BB/Stable (Upgraded from SMERA BB-/Stable)
	Proposed Fund Based Facilities	Long Term	18.50 (Enhanced from Rs. 1.50 crore)	SMERA BB/Stable (Upgraded from SMERA BB-/Stable)
	Letter of Credit	Short Term	2.50	SMERA A4+ (Reaffirmed)
	Bank Guarantee	Short Term	6.00	SMERA A4+ (Reaffirmed)
30-Oct-2015	Proposed Cash Credit	Long Term	4.00	SMERA BB-/Stable (Assigned)
	Proposed Fund Based Facilities	Long Term	1.50	SMERA BB-/Stable (Assigned)
	Proposed Bank Guarantee	Short Term	6.00	SMERA A4+ (Assigned)
	Proposed Letter of Credit	Short Term	2.50	SMERA 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	18.00 (Enhanced from Rs. 8.00 crore)	SMERA BB+/Stable (Upgraded)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	5.50 (Enhanced from Rs. 2.50 crore)	SMERA A4+ (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	16.00 (Enhanced from Rs. 6.00 crore)	SMERA A4+ (Reaffirmed)
Buyers credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4+ (Assigned)
Proposed Fund Based	Not Applicable	Not Applicable	Not Applicable	11.50	SMERA BB+/Stable (Upgraded)

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ABOUT SMERA

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