

Press Release
Cipsatec India Private Limited

March 20, 2023

Rating Reaffirmed & Withdrawn



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	19.75	ACUITE BB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	21.00	-	ACUITE A4+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	40.75	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating '**ACUITE BB-**' (read as **ACUITE double B minus**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.40.75 crore bank facilities of Cipsatec India Private Limited (CIPL).

The rating has been withdrawn on Acuite's policy of withdrawal of ratings. The rating has been withdrawn on account of the request received from the company, and the NOC received from the banker.

Rationale for the reaffirmation

The rating reaffirmation takes into account the improvement in the operating income of the company, The rating also draws comfort from the experienced promoter and the company's long track record in the industry. These strengths are, however, offset by the working capital intensive in nature of operations along with the average financial risk profile.

About the Company

Established in 2005, CIPL manufactures PCBs. The Company Has its registered office in Tumkur. The Directors of CipsaTec India Private Limited are Mr Anil Gupta, Mr Tan Lian Siak, Mr Srinivasa Chakravarthy Bellamkonda, Mr Alok Garg and Mr Low Boon Kean. In 2013-14 (refers to financial year, April 1 to March 31), there was an equity stake sale by the company to M/s. Circuit Makers (S) Pte Ltd, which currently it owns 85 percent share in the company.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of CIPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management

CIPL benefits from its extensive experience of promoters in the PCB industry, CTIPL

manufactures PCBs. Its daily operations are managed by Mr. Alok Garg, Managing Director & Mr. Anil Gupta, Director of the Company.

Increase in revenues along with profitability margins.

The company's operating income stood at Rs. 82.59 Cr. as on 31st March 2022 as compared to Rs. 71.78 Cr. as on 31st March 2021. Further, the operating margin of the company declined to 7.01 per cent as on 31st March 2022 as compared to 8.38 as on 31st March 2021. The PAT margin rose to 1.05 per cent on 31st March 2022 as compared to -1.25 per cent in 2021. The RoCE of the company stood at 4.87 per cent as on 31st March 2022 as compared to 10.87 per cent as on 31st March 2021.

Weaknesses

Working capital intensive nature of operations

The working capital-intensive nature of operations of the company is marked by high Gross Current Asset days (GCA) of 140 as on 31st March 2022 as compared to 171 days of 31st March 2021 due to significantly changes in high other current asset which consists of other deposit, prepaid expenses material on loans etc. However, the debtor days stood comfortable at 67 days as on 31st March 2022 as compared to 108 days as on 31st March 2021. The inventory period stood relatively low at 30 days as on 31st March 2022 as compared to 32 days 31st March 2021 respectively. Acuité believes that the working capital management of CTIPL's will remain intensive given the nature of the industry.

Rating Sensitivities

None

Material covenants

None

Liquidity Position

Adequate

The company's liquidity position is adequate marked by net cash accruals of Rs.4.62 Cr as on 31st March 2022 as against Rs. 2.36 Cr. long-term debt repayment during the same period. The current ratio stood at 2.29 times as on 31st March 2022, as compared to 1.47 times as on 31st March 2021. The cash and bank balances stood at Rs. 9.71 Cr. 31st March 2022. However, the working capital-intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 140 days as on 31st March 2022 as compared to 171 days as on 31st March 2021, due to high other current asset. Acuité believes that going forward the liquidity position of the company will remain adequate due to the improving net cash accruals

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	82.59	71.78
PAT	Rs. Cr.	0.87	(0.89)
PAT Margin	(%)	1.05	(1.25)
Total Debt/Tangible Net Worth	Times	0.05	0.12
PBDIT/Interest	Times	13.05	7.39

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

Crisil vide its press release dated 15.11.2022, rated the company to CRISIL B+/A4/INC

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Jul 2022	Bills Discounting	Short Term	4.00	ACUITE A4+ (Issuer not co-operating*)
	Cash Credit	Long Term	14.00	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	17.00	ACUITE A4+ (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	2.00	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	3.75	ACUITE BB- (Downgraded and Issuer not co-operating*)
30 Apr 2021	Cash Credit	Long Term	14.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	2.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	3.75	ACUITE BB (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	17.00	ACUITE A4+ (Issuer not co-operating*)
	Bills Discounting	Short Term	4.00	ACUITE A4+ (Issuer not co-operating*)
	Bills Discounting	Short Term	4.00	ACUITE A4+ (Issuer not co-operating*)

05 Feb 2020	Cash Credit	Long Term	14.00	ACUITE BB+ (Issuer not co-operating*)
	Letter of Credit	Short Term	17.00	ACUITE A4+ (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	2.00	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	3.75	ACUITE BB+ (Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Axis Bank	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE A4+ Reaffirmed & Withdrawn
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	14.00	ACUITE BB- Reaffirmed & Withdrawn
Axis Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	17.00	ACUITE A4+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE BB- Reaffirmed & Withdrawn
Axis Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.75	ACUITE BB- Reaffirmed & Withdrawn

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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