



Press Release

SCHENCK PROCESS SOLUTIONS INDIA PRIVATE LIMITED (ERSTWHILE STOCK REDLER INDIA PRIVATE LIMITED)

June 18, 2024

Upgraded and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.00	ACUITE BBB- Upgraded & Withdrawn	-
Bank Loan Ratings	25.50	-	ACUITE A3 Upgraded & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	36.50	-	-

Rating Rationale

Acuite has upgraded and withdrawn the long term rating to '**ACUITE BBB-**' (read as **ACUITE triple B minus**) from '**ACUITE BB**' (read as **ACUITE double B**) and the short term rating to '**ACUITE A3**' (read as **ACUITE A three**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 36.50 crore bank facilities of Schenck Process Solutions India Private Limited (Erstwhile Stock Redler India Private Limited). The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NOC (No Objection Certificate) received from the banker.

Rationale for Upgrade

The upgrade is on account of substantial improvement in the operating performance of the group over the years. The operating income of the group stood at Rs. 576.94 crore in FY2023 as against 369.72 crore in FY2022. The operating margin stood healthy at 12.45 percent in FY2023 as against 7.99 percent in FY2022. The PAT margin stood at 16.75 percent in FY2023 as against 4.10 percent in FY2022.

The financial risk profile of the group is healthy, marked by moderate network, nil gearing and comfortable debt protection indicators.

The rating upgrade also considers the long track record of the group and long-standing experience of the management, which is expected to help the group to augment its revenue further.

About Company

Schenck Process Solutions India Private Limited (Erstwhile Stock Redler India Private Limited) was incorporated in 2003 as a part of Schenck Process Group, Germany. The company follows integrated process of designing, assembling and supplying of applied measuring, milling and process technology solutions. The product portfolio offers specialized mechanical, weighing, pulverising and pneumatic conveying solutions for the steel, cement, power and chemical industries. These solutions include gravimetric coal feed systems, mill reject systems, pulverising, weighing and pneumatic ash handling systems for coal-fired power plants. The company is based out of Bengaluru and managed by Mr. Rajesh Pathak, Managing Director and Ms. Guna Thantry, CFO and Director.

About the Group

The Indian Schenck Process group consists of Schenck Process India Private Limited (Erstwhile Schenck Process India Limited) incorporated in 1996 and Schenck Process Solutions India Private Limited (Erstwhile Stock Redler India Private Limited) incorporated in 2003. The group develops and sells full range of solutions and products such as pneumatic and mechanical conveying solutions, milling, measuring, weighing and feeding equipment, weighing/force sensors and accessories, spare parts and components, and consumables. The group is based out of Bengaluru and managed by Mr. Rajesh Pathak, Managing Director and Ms. Guna Thantry, CFO and Director.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Schenck Process India Private Limited (Erstwhile Schenck Process India Limited) and Schenck Process Solutions India Private Limited (Erstwhile Stock Redler India Private Limited) to arrive at the rating. The consolidation is in the view of the similarities in the lines of business, operational & financial synergies and common management.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

Schenck Group possesses an experience of over two decades in the industry. The operations are managed by Mr. Rajesh Pathak and Ms. Guna Thantry. Acuité believes that the long standing experience of the management has helped the company to build healthy relationship with reputed customers.

The operating income of the group stood at Rs. 576.94 crore in FY2023 as against 369.72 crore in FY2022. The operating margin stood healthy at 12.45 percent in FY2023 as against 7.99 percent in FY2022. The PAT margin stood at 16.75 percent in FY2023 as against 4.10 percent in FY2022.

Healthy Financial Risk Profile

The group has a healthy financial risk profile with improving networth, zero gearing and comfortable debt protection metrics. Currently, the group does not have any external debt. The gearing ratio stood nil on March 31, 2023 as against 0.25 times on March 31, 2022. The Debt-EBITDA stood at nil on March 31, 2023 as against 0.92 times on March 31, 2022. TOL/TNW stood at 0.98 times on March 31, 2023 as against 1.54 times as on March 31, 2022.

The debt coverage indicators stood comfortable with Interest coverage ratio at 21.07 times on March 31, 2023 as against 6.74 times on March 31, 2022. Debt Service Coverage Ratio (DSCR) stood at 16.56 times on March 31, 2023 as against 5.19 times on March 31, 2022.

Weaknesses

Working capital intensive nature of operations

The working capital operations of the Schenck group are intensive marked by improved but high GCA days of 244 days on March 31, 2023 as against 318 days on March 31, 2022. The GCA days are driven by inventory days and debtor days. The inventory days stood at 58 days

on March 31, 2023 as against 53 days on March 31, 2022. The debtor days stood at 137 days on March 31, 2023 against 124 days on March 31, 2022. Creditor days stood 137 days on March 31, 2023 as against 176 days on March 31, 2022.

Rating Sensitivities

Not Applicable

Liquidity Position Strong

The Schenck group has a strong liquidity position, marked by healthy Net Cash Accruals (NCA) against no maturing debt obligations for the same period. The group generated Net Cash Accruals worth Rs. 105.88 crore in FY2023 against nil repayment obligations. The current ratio stood at 1.80 times on March 31, 2023. The average bank limit utilization stands at 66.87 percent for six months ended April 2024. The group had an unencumbered cash and bank balance of Rs. 7.34 crore on March 31, 2023.

Outlook:

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	576.94	369.72
PAT	Rs. Cr.	96.65	15.14
PAT Margin	(%)	16.75	4.10
Total Debt/Tangible Net Worth	Times	0.00	0.25
PBDIT/Interest	Times	21.07	6.74

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité 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
21 Nov 2023	Bank Guarantee (BLR)	Short Term	8.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	2.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	9.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	2.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
06 Sep 2022	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	8.50	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	2.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	9.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
	Cash Credit	Long Term	2.00	ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+)
08 Jun 2021	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	8.50	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Cash Credit	Long Term	9.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Cash Credit	Long Term	2.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Letter of Credit	Short Term	2.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.50	ACUITE A3 Upgraded & Withdrawn (from ACUITE A4+)
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE A3 Upgraded & Withdrawn (from ACUITE A4+)
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE BBB- Upgraded & Withdrawn (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.00	ACUITE BBB- Upgraded & Withdrawn (from ACUITE BB)
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE A3 Upgraded & Withdrawn (from ACUITE A4+)

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company Name
1	Schenck Process India Private Limited (Erstwhile Schenck Process India Limited)
2	Schenck Process Solutions India Private Limited (Erstwhile Stock Redler India Private Limited)

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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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