

Press Release

Schneider Prototyping India Private Limited

18 January, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA BBB-/ Outlook:Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) on the Rs.10.00 crore bank facilities of Schneider Prototyping India Private Limited. The outlook is '**Stable**'.

Incorporated in April 2012, Schneider Prototyping India Private Limited (SPIPL) is engaged in the manufacture of prototypes (plastic and metal) for automobile, defence, aerospace and medical equipment industries at Pondicherry (Tamil Nadu) and Noida (Uttar Pradesh). The company is a wholly owned subsidiary of Schneider Prototyping Singapore Pte Ltd., part of Schneider Prototyping Group, Germany.

Key rating drivers

Strengths

Experienced management: Mr. Pavan Gaur, the CEO has over three decades of experience in the prototyping and engineering space. Mr. Pavan Gaur holds bachelor of Engineering (Mechanical) degree with diploma in robotics from Fanuc, Japan.

Improving trend in operating income and profitability: The operating income improved to Rs 36.08 crore in FY2017 from Rs 25.82 crore in FY2016 backed by orders from reputed clientele and increase in revenue from export sales. The operating profitability also improved to 18.34 per cent in FY2017 from 3.53 per cent in FY2016 due to better absorption of fixed costs and stabilisation of operations.

Reputed client base: The company caters to a reputed client base including Tata Motors Limited, Mahindra & Mahindra Ltd and Maruti Suzuki India Ltd in the automobile industry. The company has orders worth around Rs 17.00 crore from Tata Motors to be executed by Feb 2018 which lends modest revenue visibility over the medium term.

Weaknesses

Average financial risk profile: The average financial risk profile is marked by moderate net worth, high gearing levels and comfortable debt protection metrics. The net worth levels improved to Rs 10.62 crore in FY2017 from Rs 8.58 crore in FY2016 due to retention of profits. The company incurred losses in the two years ended FY2016 and earned profits in FY2017. The gearing levels increased to 1.99 times in FY2017 from 0.44 times in FY2016 due to debt funded capex and availment of working capital loans. The Interest Coverage indicators stood at 6.94 times in FY2017 as against 1.82 times in FY2016. The NCA/TD increased to 0.21 times in FY2017 from 0.04 times in FY2016. The debt protection metrics registered improvement in FY2017 as compared to the previous year due to the significant improvement in the profitability parameters.

Working capital intensive operations: The operations are working capital intensive as evident from GCA days of 383 days in FY2017 due to high debtor and inventory days of 225 and 93 respectively. The company holds inventory of up to 2 to 3 months for timely execution of orders and had elongated receivable days in FY2017 due to delay in payments from reputed clientele and group companies.

Analytical approach:

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

Outlook – Stable

SMERA believes that the outlook on SPIPL will remain 'Stable' over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company achieves substantial growth in revenue while maintaining operating profit margins and improvement in financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and operating profit margins.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	36.08	25.82	13.54
EBITDA	Rs. Cr.	6.62	0.91	-0.32
PAT	Rs. Cr.	2.05	-1.82	-4.26
EBITDA Margin	(%)	18.34	3.53	-2.36
PAT Margin	(%)	5.68	-7.03	-31.47
ROCE	(%)	18.10	-13.41	-155.60
Total Debt/Tangible Net Worth	Times	1.99	0.44	-1.82
PBDIT/Interest	Times	6.94	1.82	-7.89
Total Debt/PBDIT	Times	3.19	4.86	-2.73
Gross Current Assets (Days)	Days	383	305	292

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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 (Upto last three years)

Not Applicable

*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	9.90	SMERA BBB-/ Stable (Assigned)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.10	SMERA BBB-/ Stable (Assigned)

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ABOUT SMERA

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