

Press Release

EXCEL ELECTRIC PRIVATE LIMITED

January 25, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 7.41 Cr.
Long Term Rating	SMERA BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (**read as SMERA BB minus**) on the Rs. 7.41 crore bank facilities of EXCEL ELECTRIC PRIVATE LIMITED. The outlook is '**Stable**'.

Excel Electric Private Limited, a Vadodara (Gujarat) based company, was established in 2014 by Mr. Prakash Dave and Mrs. Ulpa Dave (Promoters). The company manufactures electrical conductors. Earlier the company was into trading of electric conductors (from 1994) through Excel Electric Company which was merged with Excel Electric Private Limited in FY2016-17.

Key Rating Drivers

Strengths

- **Experienced management**

The Directors, Mr. Prakash Dave and Mrs. Ulpa Dave have experience of more than two decades in the said line of business.

Weaknesses

- **Average financial risk profile**

The financial risk profile is average marked by low net worth, high gearing and comfortable debt protection measures. The networth stood at Rs.2.72 crore as on 31 March, 2017 as against Rs.0.14 crore in the previous year owing to merger of Excel Electric Company and Excel Electric Private Limited in FY2016-17. The gearing stood high at 2.26 times as on 31 March, 2017 as against 4.75 times as on 31 March, 2016. The total debt of Rs.6.16 crore includes long term borrowings of Rs.0.84 crore, short term borrowings of Rs.5.14 crore and current portion of long term debt (CPLTD) of Rs.0.18 crore. The Interest Coverage Ratio (ICR) stood at 7.06 times for FY2017 and 2.50 times for FY2016. The Debt Service Coverage Ratio (DSCR) stood at 5.59 times for FY2017 compared to 2.07 times for FY2016.

- **Working capital intensive operations**

The operations are working capital intensive marked by Gross Current Assets (GCAs) of 101 days as on 31 March, 2017 as against 127 days in the previous year. This is on account of decrease in debtor days to 38 in FY2017 from 50 in the previous year. Further, the inventory days also decreased to 49 as on 31 March, 2017 from 70 in the previous year.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

Outlook: Stable

SMERA believes that EEPL will maintain a Stable outlook and continue to benefit over the medium term from the extensive experience of its promoters. The outlook may be revised to 'Positive' in case of substantial increase in profitability margins supported by healthy revenue growth or significant improvement in capital structure resulting from considerable equity infusion by promoters. Conversely, the outlook may be revised to 'Negative' in case of sharp decline in profitability margins or significant deterioration in the financial risk

profile due to debt-funded capital expenditure or elongated working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	24.91	3.37	0.32
EBITDA	Rs. Cr.	0.75	0.10	0.02
PAT	Rs. Cr.	0.25	0.03	0.01
EBITDA Margin	(%)	3.02	2.94	4.98
PAT Margin	(%)	0.99	0.95	2.53
ROCE	(%)	10.41	17.85	12.75
Total Debt/Tangible Net Worth	Times	2.26	4.75	0.74
PBDIT/Interest	Times	7.06	2.50	0.00
Total Debt/PBDIT	Times	8.20	6.74	4.97
Gross Current Assets (Days)	Days	101	127	70

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA BB- / Stable
Overdraft	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA BB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.41	SMERA BB- / Stable

Contacts

Analytical	Rating Desk
Vinayak Nayak Head - Ratings Operations	Varsha Bist Manager - Rating Desk

Tel: 022-67141190
vinayak.nayak@smera.in

Tel: 022-67141160
varsha.bist@smera.in

Deep Majumder
Analyst - Rating Operations
Tel: 022-67141147
deep.majumder@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.