

Press Release

Dynamic Elecpower Private Limited

June 21, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 7.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 7.00 crore bank facilities of Dynamic Elecpower Private Limited. The outlook is '**Stable**'.

Rajasthan-based, Dynamic Elecpower Private Limited (DEPL) was incorporated in the year 1985 by Mr. Sanjeev Kumar Lodha. DEPL is engaged in installation-commissioning and supplying of Distribution Panels (PCC/MCC), Instrumentation Panels (Soft Starters Panel, APFC Panels etc.) and HT and LT Panels (Control and Relay Panel, VCB, Bus ducts to name a few). The company has served various sectors like Textile, Refractories, Fertilizer, Cement and Metal. All the instruments are tested and certified by Central Power Research Institution (CPRI). DEPL is also authorized dealer and distributor for the switchgear and other electrical components for Siemens, G. E. India and many more reputed brands.

Key Rating Drivers

Strengths

- **Experienced management**

Dynamic founded by Mr. Sanjeev Kumar Lodha (holds engineering degree in electrical from Birla Institute of Technology and Science) possesses experience of over three decades in the electrical engineering industry. The company is equally supported by latest technology and a skilled workforce of around 50 for quality and precision.

- **Established relationships with reputed suppliers and customers**

DEPL caters to both - electrical contractors and end-users. The clientele includes Hindustan Zinc/Copper Limited DLF Cement Limited P.H.E.D Rajasthan to name a few. DEPL procures raw material - steel sheets aluminium and copper products switchgears among others from authorised distributors of Siemens G.E. India L&T and ABB as per customer specifications.

Weaknesses

- **Average Financial Risk Profile**

DEPL has an average financial profile marked by low networth of Rs.1.91 crore as on March 31 2017 from Rs.1.69 crore in the previous year. The gearing is stretched at 2.79 as on March 31 2017 slight improvement from 3.55 times in the previous year. The Interest Coverage Ratio (ICR) stood at 1.62 times in FY2017 and 1.48 times in FY2016. The TOL/TNW stood at 4.03 times as on March 31 2017 as against 4.72 times as on March 31 2016.

- **Modest scale of operations with stagnancy in revenue**

The scale of operations is small despite the firm being in business since 1985. DEPL reported operating income of Rs. 12.82 crore in FY2017 as against Rs. 12.14 crore in the previous year. The order book position stood at Rs. 2.00 crore as on May 04 2018 and the same is to be executable within time span of two months.

- **Working capital intensive operations**

DEPL has working capital intensive operations marked by gross current assets (GCA) of 193 days in FY2017 as compared 231 days in FY2016. The GCA days are high on account of inventory days to 113

days in FY2017 as compared to 126 days in FY2016. The average bank limit utilization is almost fully utilized for two months ended March 2018. Acuite believes that efficient working capital management will be crucial to the firm in order to maintain a stable credit profile for DEPL.

• Tender based nature of business

The company deals with government organisations which provide orders on tender basis. Going forward the company's ability to bid for large orders and qualify for the same remains to be seen. However the promoter's ability to cater to private companies in addition to government organisations will partially mitigate this risk.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the DEPL.

Outlook: Stable

Acuite believes that the outlook of DEPL will remain Stable over the medium term owing to its experienced promoters. The outlook may be revised to 'Positive' if the company achieves more than expected revenue growth and improvement in working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and or deterioration in the capital structure.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	12.82	12.14	10.35
EBITDA	Rs. Cr.	1.11	1.26	0.88
PAT	Rs. Cr.	0.22	0.20	0.03
EBITDA Margin	(%)	8.66	10.36	8.46
PAT Margin	(%)	1.71	1.64	0.26
ROCE	(%)	13.69	15.56	21.18
Total Debt/Tangible Net Worth	Times	2.79	3.55	3.89
PBDIT/Interest	Times	1.62	1.48	1.29
Total Debt/PBDIT	Times	4.65	4.61	6.32
Gross Current Assets (Days)	Days	193	231	227

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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	ACUITE B+ / Stable

Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4
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About Acuité Ratings & Research:

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