

Press Release

Shiv Tools Engineering Private Limited

September 07, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 11.00 Cr.
Long Term Rating	ACUITE C

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE C**' (**read as ACUITE C**) to the Rs. 11.00 crore bank facilities of Shiv Tools Engineering Private Limited (STEPL).

STEPL (the erstwhile Shiv tools), is a Haryana-based firm established in 1996. The firm was converted into private limited company in 2004. The Board of Directors include Mr. Bhikkan Singh and Mrs Bimla Devi. The company was initially engaged in manufacturing of dies and tools and since 2007, the company entered in manufacturing of sheet and metal components for automobile industry. The company has installed manufacturing capacity of 500 tons of which the company utilises around 60 percent.

Analytical Approach

Acuite has considered standalone business and financial risk profile of STEPL to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

The Directors, Mr. Bhikkan Singh and Mrs. Bimla Devi have experience of more than two decades in the said line of business.

Weaknesses

Delays in servicing of debt obligations:

The rating reflects on-going irregularities in servicing of debt obligation in the last three months ending 31 July, 2018 on account of stretched liquidity position.

Decline in revenues and operating losses:

STEPL has registered decline in revenue during the period under study. The revenue stood at Rs.24.85 crore in FY2017 as against Rs.24.05 crore in FY2016 and Rs.46.21 crore in FY2015. The decline is mainly due to reduced orders from existing customers. The company registered net loss of Rs.7.50 crore in FY2017 as against net loss of Rs.0.61 crore in FY2016.

Working capital intensive operations

The operations are working capital intensive for the period under study marked by high Gross Current Assets (GCA) of 376 days in FY2017 as against 423 days in FY2016. This is on account of high inventory holding of 232 days in FY2017 as against 380 days in FY2016 and debtor days of 76 days in FY2017 as against 72 days in FY2016. The cash credit facility is fully utilised in the six months ended 31 October 2017.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	24.85	24.05	46.21
EBITDA	Rs. Cr.	(3.84)	3.98	4.88
PAT	Rs. Cr.	(7.50)	(0.61)	0.03
EBITDA Margin	(%)	(15.47)	16.54	10.56
PAT Margin	(%)	(30.16)	(2.55)	0.07
ROCE	(%)	(21.75)	6.95	17.90
Total Debt/Tangible Net Worth	Times	11.11	2.32	2.04
PBDIT/Interest	Times	-1.70	1.67	1.98
Total Debt/PBDIT	Times	-4.83	5.02	3.86
Gross Current Assets (Days)	Days	376	423	223

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Entities In manufacturing Sector - <https://www.acuite.in/view-rating-criteria-4.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	11.00	ACUITE C

Contacts:

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Tel: 022-67141111 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Leena Gupta Analyst - Rating Operations Tel: 022-67141172 leena.gupta@acuiteratings.in	

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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