Press Release

Subtleweigh Electric India Private Limited

August 30, 2019

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B/Stable (Reaffirmed)
Short Term Rating	ACUITE A4 (Reaffirmed)

** Refer Annexure for details*

Rating Rationale

Acuité has reaffirmed the long-term rating of **'ACUITE B' (read as ACUITE B)** and short-term rating of **'ACUITE A4' (read as ACUITE A four)** on the Rs.10.00 crore bank facilities of Subtleweigh Electric India Private Limited (SEPL). The outlook is **'Stable'**.

Subtleweigh Electric India Private Limited (SEPL) was incorporated in the year 2003 by Mr. Krishna Baigpant and Mr. Mirza Jawed Baig. The company is engaged in industrial automation solution provider. The company has its registered office located at Kolkata in West Bengal.

Analytical Approach:

Acuité has taken a standalone view of the business and financial risk profile of SEPL to arrive at the rating.

Key Rating Drivers:

Strengths

- **Experienced management and long track record of operation**

The company has a long track record of over a decade in industrial automation industry. The long track record has helped the company to establish a healthy relationship with customers and suppliers. The directors of the company, Mr. Krishna Baigpant and Mr. Mirza Jawed Baig, also has more than a decade experience in the industrial automation industry.

Weaknesses

- **Weak financial risk profile**

The financial risk profile of the company is marked by moderate Net worth, high gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs 2.41 crore in FY2019 (Prov.) as increased from Rs. 1.86 crore in FY2018, mainly on account accumulated profit. The gearing of the company stood high at 2.50 times in FY2019 (Prov.) as compared to 4.17 times in FY2018. The total debt of Rs. 6.03 crore consist of short term loan of Rs.4.96 crore, unsecured loan for promoters of Rs.0.91 crore and long term loan of Rs.0.16 crore as on 31 March, 2019 (Prov.). The interest coverage ratio (ICR) of the company stood healthy at 2.54 times in FY2019 (Prov.) as compared to 1.90 times in FY2018. The debt service coverage ratio (DSCR) of the company stood moderate at 2.37 times in FY2019 (Prov.) as compared to 1.83 times in FY2018. The net cash accruals against the total debt stood moderate at 0.17 times in FY2019 (Prov.) as compared to 0.08 times in FY2018.

- **Moderate scale of operation**

The revenue of the company stood moderate at Rs.30.80 crore in FY2019 (Prov.) as compared to Rs.22.01 crore in FY2018. Acuité believes that the ability of the company to increase scale of operations, while sustaining its profitability margins will remain a key monitorable.

Liquidity Position:

The company has stretched liquidity marked by moderate net cash accruals of Rs.1.01 crore in FY2019 (Prov.) as compared to Rs.0.62 crore in the previous year. The liquidity of the company has also been marked by 100 per cent utilisation of working capital limit. The company's operations are working capital intensive as marked by gross current asset (GCA) days of 215 in FY 2019 (Prov). Acuite believes that the liquidity of the company is likely to remain moderate over the medium term on account of adequate cash accrual against no long term debt obligation over the medium term.

Outlook: Stable

Acuite believes that the outlook on SEPL will remain 'Stable' over the medium term backed by its experienced management and healthy relations with its customer and suppliers. The outlook may be revised to 'Positive' in case the company registers more than envisaged sales and profitability while efficiently managing its working capital cycle and improving its financial risk profile. The outlook may be revised to 'Negative' in case of the company fails to achieve envisaged revenue and profitability and its working capital cycle gets stretched or its financial risk profile deteriorates.

About the Rated Entity - Key Financials

	Unit	FY19 (Prov.)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	30.80	22.01	17.18
EBITDA	Rs. Cr.	1.70	1.27	1.19
PAT	Rs. Cr.	0.66	0.29	0.25
EBITDA Margin	(%)	5.53	5.78	6.91
PAT Margin	(%)	2.15	1.30	1.48
ROCE	(%)	16.94	11.81	11.61
Total Debt/Tangible Net Worth	Times	2.50	4.17	4.74
PBDIT/Interest	Times	2.54	1.90	1.72
Total Debt/PBDIT	Times	3.21	5.43	5.28
Gross Current Assets (Days)	Days	215	237	224

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

None

Any other information

None

Applicable Criteria

- Default Recognition -https://www.acuite.in/view-rating-criteria-17.htm
- Manufacturing Entities - https://www.acuite.in/view-rating-criteria-4.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)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
23-Oct-2018	Overdraft	Long Term	4.00	ACUITE B/Stable (Assigned)
	Proposed Overdraft	Long Term	3.50	ACUITE B/Stable (Assigned)
	Bank Guarantee	Short Term	2.00	ACUITE A4 (Assigned)
	Proposed Bank Guarantee	Short Term	0.50	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B/Stable (Reaffirmed)
Proposed Overdraft	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE B/Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4 (Reaffirmed)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A4 (Reaffirmed)

Contacts

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About Acuité Ratings & Research:
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