

Press Release

Subtleweigh Electric India Private Limited

November 23, 2020



Rating Upgraded and Withdrawn

Total Bank Facilities Rated	Rs. 10.00 crore
Long Term Rating	ACUITE B+/ Stable (Upgraded from ACUITE B/ Stable and Withdrawn)
Short Term Rating	ACUITE A4 (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has upgraded and withdrawn the long term rating of '**ACUITE B+** (**read as ACUITE B plus**)' from '**ACUITE B**' (**read as ACUITE B**) and reaffirmed and withdrawn the short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs 10.00 crore bank facilities of Subtleweigh Electric India Private Limited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

The rating upgrade is on account of improvement in profitability, sustaining operating revenue and healthy order book position providing revenue visibility over the medium term.

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

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of SEIPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management and established track record of operations**

The company has a long track record of over a decade in the 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 have more than a decade experience in the industrial automation industry. Acuité believes the company will continue to benefit from experienced promoters that will help to maintain long term relations with clients.

Weaknesses

- **Below average financial risk profile**

The financial risk profile of the company stood weak marked by relatively low networth, high gearing level and healthy debt protection metrics. The tangible networth stood at Rs 2.85 crore as on 31st March, 2020 (Provisional) as compared to Rs 2.33 crore in the previous year. The gearing (debt-equity) stood high at 2.86 times as on March 31st, 2020 (Provisional) as compared to 2.84 times in the previous year. Total debt of 8.15 crore as on 31st March, 2020 (Provisional) consist of working capital borrowings of Rs 4.88 crore, working capital term loan and vehicle loans of Rs 3.06 crore and unsecured loans from directors and promoters of Rs 0.21 crore. The coverage indicators are marked by Interest coverage ratio (ICR), which stood at 2.09 times for FY 2020 (Provisional) as compared to 2.45 times in FY 2019. DSCR stood at 1.94 times in FY 2020 (Provisional) as compared to 2.27 times in FY 2019. NCA/TD stood at 0.10 times in FY 2020 (Provisional) as compared to 1.14 times in FY 2019. The financial risk profile is expected to remain at similar levels over the medium term in the absence of any debt-funded capex plan.

- **Working capital intensive nature of operations**

The operations of SEIPL are working capital intensive marked by GCA (Gross Current Assets) Days of 228 days in FY 2020 (Provisional) similar to 212 days in the previous year in FY 2019. The inventory days stood at 128 days in FY 2020 (Provisional) as compared to 112 days in the previous year. The debtor days stood at 85 days in FY 2020 (Provisional) similar to 84 days in FY 2019. The working capital limits remained utilized at

an average of around 83 percent for 6 months ended September, 2020. The working capital operations are expected to remain at similar levels over the medium term due to the payment terms with its customers and suppliers.

Rating Sensitivity

- Improvement in financial risk profile
- Improvement in revenue coupled with sustained profitability

Material Covenants

None

Liquidity Profile: Adequate

SEIPL has adequate liquidity marked by moderate cash accruals to its maturing debt obligations. The company generated cash accruals of Rs 0.62-0.85 crore in FY 2018-2020 (Provisional) against no major maturing debt obligations during the same period. The cash accruals of the company are estimated to remain in the range of around Rs. 1.07-1.43 crore during 2021-23 against maturing debt obligation of Rs 0.80-0.92 crore during the same period. The working capital operations of the company are intensive marked by GCA (Gross Current Assets) Days of 228 days in FY 2020 (Provisional) similar to 212 days in the previous year. The company maintained unencumbered cash and bank balances of Rs. 0.38 crore as on March 31, 2020 (Provisional). The current ratio stood at 1.17 times as on March 31, 2020 (Provisional). The working capital limits remained utilized at an average of around 83 percent for 6 months ended September, 2020. Acuité believes that the liquidity of the company is likely to remain at similar levels over the medium term.

Outlook: Stable

Acuité believes that Subtleweigh Electric India Private Limited's outlook will remain 'Stable' over the medium term from its experienced management. The outlook may be revised to 'Positive' in case of growth in revenues and profitability while improving its financial risk profile. The outlook may be revised to 'Negative' in case of a steep decline in revenues and profitability or further increasing working capital intensity.

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	29.33	30.80
PAT	Rs. Cr.	0.47	0.56
PAT Margin	(%)	1.59	1.83
Total Debt/Tangible Net Worth	Times	2.86	2.84
PBDIT/Interest	Times	2.09	2.45

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
30-Aug-2019	Overdraft	Long Term	4.00	ACUITE B/Stable (Reaffirmed)
	Proposed Overdraft	Long Term	3.50	ACUITE B/Stable (Reaffirmed)

23-Oct-2018	Bank Guarantee	Short Term	2.00	ACUITE A4 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	0.50	ACUITE A4 (Reaffirmed)
	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 (Rs. Cr.)	Ratings/Outlook
Overdraft	Not Available	Not Applicable	Not Applicable	4.00	ACUITE B+ (Upgraded & Withdrawn)
Overdraft	13-Sep-2019	Not Applicable	Not Applicable	3.00	ACUITE B+/ Stable (Upgraded from ACUITE B/ Stable)
Working Capital Term Loan	13-Sep-2019	Not Applicable	Not Applicable	2.00	ACUITE B+/ Stable (Upgraded from ACUITE B/ Stable)
Invoice Discounting	13-Sep-2019	Not Applicable	Not Applicable	2.00	ACUITE B+/ Stable (Upgraded from ACUITE B/ Stable)
Bank Guarantee	13-Sep-2019	Not Applicable	Not Applicable	2.00	ACUITE A4 (Reaffirmed)
Bank Guarantee	13-Sep-2019	Not Applicable	Not Applicable	1.00	ACUITE A4 (Reaffirmed)
Bank Guarantee	Not Available	Not Applicable	Not Applicable	2.00	ACUITE A4 (Reaffirmed & Withdrawn)

Contacts

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About Acuité Ratings & Research:

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