



Press Release
Subtleweigh Electric India Private Limited
January 04, 2024

Rating Assigned, Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.00	ACUITE BB- Stable Assigned	-
Bank Loan Ratings	7.00	ACUITE BB- Stable Upgraded	-
Bank Loan Ratings	3.00	-	ACUITE A4 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	15.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to '**ACUITE BB-**' (read as **ACUITE double B minus**) from '**ACUITE B+**' (read as **ACUITE B plus**) and reaffirmed the short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 10.00 crore bank facilities and assigned the long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) on the Rs.5.00 crore bank facilities of Subtleweigh Electric India Private Limited. The outlook remains '**Stable**'.

Rationale for the rating

The rating takes into account the improvement in operating and financial performance of the company marked by improvement in operating income, operating profitability and financial risk profile. The operating income of the company improved to Rs.85.25 Cr in FY2023 as against Rs.62.05 Cr in FY2022 and Rs. 43.97 Cr in FY2021. The operating profitability stood at 6.54 percent in FY2023 as against 5.36 percent in FY2022 and 5.13 percent in FY2021. The overall gearing which stood at 2.14 times as on March 31, 2021 improved to 1.56 times as on March 31, 2023. These strengths are, however, partly offset by its working capital intensive operations. Going forward, the company's ability to improve its scale of operations and maintaining its profitability and capital structure and restricting elongation of working capital cycle will remain key rating sensitivities.

About the Company

Incorporated in the year of 2003 Subtleweigh Electric India Private Limited is a Kolkata based company and is engaged in providing industrial automation solutions. It has its registered office located at West Bengal. Mr. Krishna Baigpant and Mr. Mirza Jawed Baig are directors of the company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of SEIPL 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 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.

Average financial risk profile

The financial risk profile of the company is average marked by moderate net worth, gearing and comfortable debt protection metrics. The net worth stood Rs.8.18 Cr as on March 31, 2023 as against Rs.4.96 Cr as on March 31, 2022. The improvement in networth is driven by accrual of profit to reserves. The gearing (debt-equity) stood at 1.56 times as on FY2023 as against 1.97 times as on FY2022. The total debt of Rs.12.74 Cr as on FY2023 consists of long-term of Rs.3.83 Cr. and short term of Rs.8.23 Cr. of bank borrowings and USL of Rs.0.68 Cr. The interest coverage ratio stood at 5.70 times for FY2023 as against 4.12 times for FY2022. The Net Cash Accruals to Total debt stood at 0.32 times for FY2023 as against 0.21 times for FY2022. The Total outside liabilities to Tangible net worth stood high at 5.51 times for FY2023 as against 7.43 times in FY2022.

Weaknesses

Working capital management intensive in nature

The working capital management of the company remained intensive marked by high Gross Current Assets (GCA) of 188 days for FY2023 as compared to 207 days as on FY2022. The debtor period stood at 58 days for FY2023. Further, the inventory holding stood at 91 days for FY2023 as against 104 days for FY2022. The creditor days stood at 100 for FY2023 as against 137 for FY2022. The average bank limit utilisation of non-fund based facilities stood at 69 percent for seven months ended November, 2023. . The working capital cycle of the Company is expected to remain at similar levels over the medium term.

Rating Sensitivities

- Sustenance of the profitability margins while scaling up of operations.
- Further elongation of working capital cycle.

Liquidity Position Adequate

The company has an adequate liquidity profile as reflected from its adequate net cash accruals against repayment obligations. The company generate net cash accruals of Rs. 4.05 Cr in FY2023 against repayment obligations of Rs. 0.68 Cr. The net cash accruals are estimated to range between Rs. 5-7.5 Cr against repayment obligations of Rs.0.68 Cr. The gross current asset days of the company stood at 188 days in FY2023. The bank limit utilisation of non-based facilities by the company stood at 69.00% for the seven months ended November,2023. Current ratio stood modest at 1.17 times in FY2023.

Outlook: Stable

Acuité believes that SEIPL's outlook will remain 'Stable' over the medium term driven by its experienced management, the long standing operations of the company and average financial risk profile. The outlook may be revised to 'Positive' in case of higher-than-expected growth in revenues and profitability margins while improving their financial risk profile and liquidity profile. The outlook may be revised to 'Negative' in case of steep decline in revenues and profitability or higher than envisaged debt funded capex or deteriorating financial risk profile and liquidity position.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	85.25	62.05
PAT	Rs. Cr.	3.08	1.50
PAT Margin	(%)	3.61	2.42
Total Debt/Tangible Net Worth	Times	1.56	1.97
PBDIT/Interest	Times	5.70	4.12

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

Not Applicable

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 May 2023	Secured Overdraft	Long Term	3.00	ACUITE B+ (Issuer not co-operating*)
	Bills Discounting	Long Term	2.00	ACUITE B+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A4 (Issuer not co-operating*)
	Bank Guarantee	Short Term	2.00	ACUITE A4 (Issuer not co-operating*)
	Working Capital Term Loan	Long Term	2.00	ACUITE B+ (Issuer not co-operating*)
08 Feb 2022	Bills Discounting	Long Term	2.00	ACUITE B+ (Issuer not co-operating*)
	Working Capital Term Loan	Long Term	2.00	ACUITE B+ (Issuer not co-operating*)
	Secured Overdraft	Long Term	3.00	ACUITE B+ (Issuer not co-operating*)
	Bank Guarantee	Short Term	2.00	ACUITE A4 (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.00	ACUITE A4 (Issuer not co-operating*)
23 Nov 2020	Bank Guarantee	Short Term	2.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee	Short Term	2.00	ACUITE A4 (Withdrawn)
	Bank Guarantee	Short Term	1.00	ACUITE A4 (Reaffirmed)
	Bills Discounting	Long Term	2.00	ACUITE B+ Stable (Upgraded from ACUITE B Stable)
	Secured Overdraft	Long Term	3.00	ACUITE B+ Stable (Upgraded from ACUITE B Stable)
	Secured Overdraft	Long Term	4.00	ACUITE B+ (Withdrawn)
	Working Capital Term Loan	Long Term	2.00	ACUITE B+ Stable (Upgraded from ACUITE B Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE A4 Reaffirmed
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE A4 Reaffirmed
HDFC Bank Ltd	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE BB- Stable Upgraded
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BB- Stable Assigned
HDFC Bank Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE BB- Stable Upgraded
HDFC Bank Ltd	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	2.00	ACUITE BB- Stable Upgraded

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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