

Press Release

Syska Miterr Private Limited

November 13, 2018



Rating Assigned

| | |
|-------------------------------------|-------------------------------|
| Total Bank Facilities Rated* | Rs. 50.00 Cr. |
| Long Term Rating | ACUITE BBB- / Outlook: Stable |

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB-**' (**read as ACUITE BBB minus**) on the Rs. 50.00 crore bank facilities of Syska Miterr Private Limited. The outlook is '**Stable**'.

Syska Miterr Private Limited (SMPL) was incorporated in June 2017 and has started its commercial production in August 2018. The company is engaged in manufacturing wires and cables, distribution boxes, power cables among other products. The company is promoted by promoters from two companies, i.e., Syska Group (SSK Group) and Emdet group (Miterr Group). Mr. Rajesh Uttamchandani and Mr. Govind Uttamchandani representing SSK Group and Mr. Naavniit Miterr and Mr. Nishchay Miterr representing Miterr Group. The company has an installed capacity of 800,000 coils/month.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of SMPL while factoring in the support from SSK Group. The support from SSK Group is in form of common directorship, SMPL will be sharing same brand name, i.e., 'Syska' and the company will be selling its products to SSK Group.

Key Rating Drivers

Strengths

- **Ongoing support from SSK Group**

Syska Miterr Private Limited (SMPL) was incorporated in June 2017 and has started its operations in August 2018. SMPL is a joint venture between promoters of SSK Group and Miterr Group. The company is promoted by Mr. Rajesh Uttamchandani (B.E- Mechanical), Mr. Govind Uttamchandani (B.Tech- Chemical Engineer), Mr. Naavniit Miterr (B. Com) and Mr. Nishchay Miterr (BA Economics). The promoters have experience of over two decades in various industries. SSK Group has diversified product range Samsung mobile phones (in five states of Gujarat, Maharashtra, Goa, Madhya Pradesh and Chattisgarh), 'Syska' brand of products (across India), consumer electronics, home appliances of Samsung India (in Maharashtra and Goa). The group has a wide distribution network of more than 22,000 dealers/retailers. The group also operates a retail chain of 26 stores for selling Samsung mobiles and accessories. It has also diversified into Variable data printing, security data printing, i.e. printing of Cheque Books (IBA licensed company), bank statements, card statements, etc. Miterr Group has been engaged in manufacturing of steering wheels since 1960's. SMPL is engaged in manufacturing of wires and cables, switch gears, distribution boxes among others. SMPL will be selling its products majorly to SSK Group. From August 2018 to September 2018, SMPL has booked revenue of Rs.41.88 crore of which ~Rs.40.88 crore is sold to SSK Group. SMPL and SSK Group also share common collateral. SMPL also shares same brand name with SSK Group, i.e., 'Syska'. Acuité believes the company will benefit from the experience of the promoters, established brand name of SSK Group and support extended from SSK group will help the company establish healthy relations with its suppliers.

- **Healthy revenue visibility in near to medium term**

SMPL is engaged in manufacturing of wires and cables, switch gears, distribution boxes among others. SMPL will be selling its products majorly to SSK group. The company has started its operations in August 2018 and has booked revenue (till September 2018) of Rs.41.43 crore of which ~Rs.40.88 crore is sold to SSK Group. The company initially plans to sell its products majorly to SSK Group. As on September 2018, the capacity utilisation of the company is around 30 per cent. Acuité believes with order book

position of ~Rs.330 crore, SMPL is expected higher capacity utilisation which gives healthy revenue visibility in near to medium term. Further, the revenues of the company are highly dependent on SSK Group as the majority of the sales are to SSK Group.

Weaknesses

- **Relatively newly established company**

SMPL was incorporated in 2017 and is engaged in manufacturing of wires and cables, switch gears, distribution boxes among others. The company has started its production from August 2018 and has booked revenues of Rs.41.43 crore till September 2018. The company's ability to showcase higher capacity utilisation resulting in higher revenues will remain key rating sensitivity factor for the company.

- **Highly competitive and fragmented industry marked by high obsolescence risk**

The Indian wires and cable industry is extremely dynamic and fragmented with presence of many organized and unorganized players in the market. Similarly, emergence of new technology can impact inventory values of existing players and affect the overall credit performance. The intense competition in the industry and high product obsolescence are other risk factors that the company is exposed to.

Outlook: Stable

Acuité believes that SMPL will maintain a stable outlook and continue to benefit over the medium term owing to its promoters' extensive industry experience. The outlook may be revised to 'Positive' in case of sustained improvement in the scale of operations and profitability while maintaining comfortable financial risk profile and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected capacity utilisation resulting in lower than expected revenues impacting in accruals and/or if the financial risk profile weakens, because of stretch in working capital cycle or higher than expected debt-funded capital expenditure.

About the Rated Entity - Key Financials

| | Unit | FY18 (Actual) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 0.00 | 0.00 | 0.00 |
| EBITDA | Rs. Cr. | 0.00 | 0.00 | 0.00 |
| PAT | Rs. Cr. | 0.00 | 0.00 | 0.00 |
| EBITDA Margin | (%) | 0.00 | 0.00 | 0.00 |
| PAT Margin | (%) | 0.00 | 0.00 | 0.00 |
| ROCE | (%) | 0.00 | 0.00 | 0.00 |
| Total Debt/Tangible Net Worth | Times | 0.00 | 0.00 | 0.00 |
| PBDIT/Interest | Times | 0.00 | 0.00 | 0.00 |
| Total Debt/PBDIT | Times | 0.00 | 0.00 | 0.00 |
| Gross Current Assets (Days) | Days | 0 | 0 | 0 |

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>
- Manufacturing Entities - <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 |
|------------------------|------------------|----------------|----------------|-----------------------------|----------------------|
| Term loans | Not Applicable | Not Applicable | Not Applicable | 30.00 | ACUITE BBB- / Stable |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 20.00 | ACUITE BBB- / Stable |

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About Acuité Ratings & Research:

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