

Press Release

Syska Miterr Private Limited

January 28, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 50.00 crore
Long Term Rating	ACUITE BBB- (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BBB-**' (**read as ACUITE triple B minus**) on the above mentioned bank facilities of Rs. 50.00 crores for **SYSKA MITERR PRIVATE LIMITED (SMPL)**. The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating and on account of request received from the company and NOC received from the banker.

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 Syska Group and Mr. Naavniit Miterr and Mr. Nishchay Miterr representing Emdet 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**

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 sells its products primarily to SSK Group. SMPL has booked revenue of Rs. 97.57 crore in FY2019. 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.

Weaknesses

- **Highly competitive and fragmented industry with 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.

Liquidity Position: Adequate

The company has moderately working capital intensive operations marked by GCA of 115 days for FY2019. The company maintains unencumbered cash and bank balances of Rs. 0.19 crore as on 31 March, 2019. Acuité believes the company will maintain adequate liquidity profile on account of strong business linkage and support extended by the SSK group.

Material Covenants

None

Rating Sensitivities

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	97.57	0.00
PAT	Rs. Cr.	(1.42)	0.00
PAT Margin	(%)	(1.46)	0.00
Total Debt/Tangible Net Worth	Times	6.93	0.00
PBDIT/Interest	Times	1.98	0.00

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

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Application of Financial Ratios and Adjustments- <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-17.htm>
- Criteria for Group and Parent Support- <https://www.acuite.in/view-rating-criteria-47.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
13-Nov-2018	Term Loan	Long Term	30.00	ACUITE BBB-/ Stable (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB-/ Stable (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
Term Loan	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE BBB- (Withdrawn)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE BBB- (Withdrawn)

Contacts

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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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