

Press Release

Super Max CNC Centre Private Limited

D-U-N-S® Number: 87-689-5564

January 08, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B-**' (**read as ACUITE B minus**) on the Rs. 12.00 crore bank facilities of Super Max CNC Centre Private Limited. The outlook is '**Stable**'.

Super Max Cnc Centre Private Limited was incorporated in 2015 based out of Chennai Tamil Nadu is engaged in Job work on CNC milling CNC wire EDM Super drills & Fixtures.

Analytical Approach

Acuité has considered standalone business and financial risk profile of the company to arrive at the rating

Key Rating Drivers

Strengths

- **Experienced Management:**

Mr. Subramanian and Mr. Rajeswari, the promoters of the company have been in this line of business for over 3 decades. Over a period, company has started exporting for established client base including Ashok Leyland and L & T.

Weaknesses

- **Below average financial risk profile:**

The financial risk profile of SMCPL is below average with debt-equity ratio at 5.84 times in FY18 as against 8.33 times in FY17. Total outside Liability (TOL) to Total Net worth (TNW) stood at a higher side at 6.44 times in FY18 as against 9.30 times in FY17. Debt service metrics Interest Coverage Ratio and Debt Service Coverage Ratio stood at 1.94 times and 1.12 times respectively in FY18 as against 2.30 times and 1.38 times respectively in FY17.

- **Working capital intensive operations:**

Operations of SMCPL is working capital intensive in nature with Gross Current Assets (GCA) of 294 days in FY18 as against 219 days in FY17. High GCA days are due to high debtors of 215 days in FY2018 while debtors days stood at 141 in FY2017. Further the working capital facility is being fully utilised during the last six months ending November 2018

- **Initial stage of operations:**

SMCPL commenced its operations in FY16 and is engaged in an intensely competitive industry. The company is yet to demonstrate its ability to expand the operations and penetrate the market

Outlook: Stable

Acuité believes that Super Max will maintain 'Stable' business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins. Conversely the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability or in case of deterioration in the company's

financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	7.27	6.45	0.47
EBITDA	Rs. Cr.	2.45	2.46	0.12
PAT	Rs. Cr.	0.75	0.80	0.01
EBITDA Margin	(%)	33.73	38.13	26.17
PAT Margin	(%)	10.32	12.48	2.91
ROCE	(%)	18.31	19.83	1.91
Total Debt/Tangible Net Worth	Times	5.84	8.33	26.60
PBDIT/Interest	Times	1.94	2.30	1.63
Total Debt/PBDIT	Times	4.54	3.96	78.32
Gross Current Assets (Days)	Days	294	219	1865

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

None

Any other information

None

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
Overdraft	Not Applicable	Not Applicable	Not Applicable	1.52	ACUITE B- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	5.93	ACUITE B- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	4.55	ACUITE B- / Stable

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About Acuité Ratings & Research:

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