

Press Release

Tushar Industry

D-U-N-S® Number: 67-548-4717

March 19, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 5.40 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 plus**) on the Rs. 5.40 crore bank facilities of Tushar Industry. The outlook is '**Stable**'.

Established in 1993 Tushar Industry is a Nasik based partnership firm engaged in manufacturing of precision machine components used in electrical switchgears. The firm is managed by two partners Mr. Anil Ishwarsa Jinturkar and Mrs. Pratibha A Jinturkar having profit sharing ratio of 25:75.

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of Tushar Industry to arrive at the rating.

Key Rating Drivers

Strengths

- **Long track record of operations**

The firm has a track record of over two decades in the manufacturing of precision machine components used in electrical switchgears. The long track has helped the firm in building a strong relationship with customers and suppliers.

- **Reputed customer base**

The firm mainly caters to large and reputed players in automation industry like ABB India Limited and Siemens Limited which contributes to around 80 per cent of the total revenue. Other than these reputed clients include Mahindra Vehicle Manufacturers Limited and Atlas Copco Limited.

Weaknesses

- **Modest scale of operations**

The revenue stands modest at Rs.20.48 crore as on 31 March, 2018, as against Rs 14.14 crore a year earlier. Further, the firm has achieved revenues of Rs.15.5 crore as on 10 February, 2019 (Provisional). The ability of the firm to improve its scale going forward will remain a key rating sensitivity.

- **Moderate Financial risk profile**

The firm's financial risk profile is moderate marked by moderate net worth, high gearing and modest debt protection metrics. The net worth of the firm stood at Rs.4.33 crore as on 31 March, 2018 as against Rs.3.91 crore in the previous year. The gearing stood at 2.35 times as on 31 March, 2018. Total debt of Rs.10.17 crore consist of Rs. crore of long term borrowings, Rs.1.97 crore of unsecured loans from directors and relatives and short term borrowings of Rs 3.10 crore. TOL/TNW stood at 3.28 times in FY2018. Moreover, the debt protection metrics is also moderate marked by interest coverage ratio (ICR) of 1.74 times in FY2018 and debt service coverage ratio (DSCR) of 1.74 times as on March 31, 2018.

Outlook: Stable

Acuité believes that the firm will maintain a 'Stable' business risk profile over the medium term on

account of long track record and reputed customer base. The outlook may be revised to 'Positive' in case the firm registers sustainable growth in revenues and improvement in financial risk profile. The outlook may be revised to 'Negative' in case of deterioration in the firm's scale of operations and profitability or financial risk profile, or in case of stretched working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	20.48	14.14	13.82
EBITDA	Rs. Cr.	1.79	1.36	1.35
PAT	Rs. Cr.	0.19	0.13	0.49
EBITDA Margin	(%)	8.72	9.59	9.79
PAT Margin	(%)	0.93	0.94	3.51
ROCE	(%)	9.18	8.95	25.35
Total Debt/Tangible Net Worth	Times	2.35	2.35	1.43
PBDIT/Interest	Times	1.74	1.72	2.60
Total Debt/PBDIT	Times	5.67	6.68	3.47
Gross Current Assets (Days)	Days	119	210	196

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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	4.20	ACUITE B+ / Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	1.20	ACUITE B+ / Stable

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About Acuité Ratings & Research:

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