

Press Release

Som Autotech Private Limited

March 28, 2022

Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.42	-	ACUITE A3 Reaffirmed
Bank Loan Ratings	50.08	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	51.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed its long-term rating of 'ACUITE BBB-' (read as ACUITE tripple B minus) and its short term rating of 'ACUITE A3' (read as ACUITE A three) on the Rs. 51.50 crore bank facilities of Som Autotech Private Limited (SAPL). The outlook is 'Stable'.

About Company

Som Autotech Pvt. Ltd. is an Aurangabad based privately held company incorporated in 2011. The group is engaged in manufacturing of aluminium die casting components for leading automotive OEMs and their ancillaries. It specializes in Die Casting auto parts by High pressure, Low pressure & Gravity die casting techniques.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has considered the consolidated business and financial risk profiles of Som Autotech Private Limited and Som Autocast Private Limited owing to presence in similar line of business, common management and financial linkages between the entities.

Key Rating Drivers

Strengths

>Experienced management, established record & reputed clientele

Incorporated in 2011, Aurangabad based SAPL is engaged in manufacturing of aluminium die casting components and primarily caters to leading automotive OEMs and their ancillaries. The operations of the group are led by Mr. Anil Ramgopal Mali & Mr. Vishwanath Gopal Jalnapukar who possess more than three decades of experience in the aforementioned industry. The top management is ably supported by well experienced technical team. Also, SAPL caters to reputed clientele such as Bajaj Auto Limited, Varroc Engineering Private

Limited and Dell'Orto India Private Limited, among others. The company has recorded a revenue of around Rs.174.26 crores till December 2021.

Acuité believes that the company will benefit from the experience of the management in the aforementioned industry in developing healthy relationships with its customers and suppliers.

>Moderate Financial risk profile

The financial risk profile of the company stood moderate marked by moderate net worth, stable gearing and stable debt protection metrics. The tangible net worth stood at Rs.33.55 crore as on 31 March, 2021 as against Rs.24.73 crore as on 31 March, 2020. The total debt of the company stood at Rs.45.82 crore includes Rs.19.43 crore of long term debt, Rs.3.36 crore unsecured loans from directors and Rs.15.09 crore of short term debt as on 31 March, 2021. The gearing (debt-equity) stood at 1.37 times as on 31 March, 2021 as compared to 1.39 times as on 31 March, 2020. Interest Coverage Ratio stood at 3.65 times for FY2021 as against 3.92 times for FY2020. Debt Service Coverage Ratio (DSCR) stood at 1.90 times in FY2021 as against 1.31 times in FY2020. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 2.30 times as on 31 March, 2021 as against 2.86 times on 31 March, 2020. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.26 times for FY2021.

Weaknesses

>Working Capital Intensive Operations

The working capital operations of the company are intensive marked by GCA days of 119 days in FY2021 as against 72 days in FY2020. Also, the debtor days stood at 44 days in FY2021 as against 14 days in FY2020 which is in line with the average credit period allowed to customers of 30-60 days. However, the inventory days remain constant around 30 days for FY 2020 & FY 2021.

>Operations in highly competitive and fragmented industry

The group is engaged in manufacturing of aluminum die casting auto components which is a highly competitive and fragmented industry marked by the presence of large number of small players which exposes SAPL to pricing pressure. Also, SAPL caters to automotive original equipment manufacturers (OEMs) and their ancillaries which means its operations are affected by the demand in the auto sector.

Rating Sensitivities

- Improving the scale of operations while maintaining the profitability margins.
- Substantial deterioration in working capital operations.
- Elongation in working capital cycle.

Material Covenants

None.

Liquidity Position: Adequate

The company's liquidity position is adequate marked by sufficient net cash accruals against its maturing debt obligations. The company has net cash accruals in the range of Rs.9.38-12.04 Crore from FY 2019-2021 against the maturing debt obligations of Rs.4.15-7.94 crores during the same tenure. Also, the company has a sufficient cash accruals of Rs 19.44-22.48 crores over the medium term against the debt obligation of Rs 6.35-7.4 crore. The working capital management of the company is intensive marked by GCA days of 119 days in FY2021 as against 72 days in FY2020. The company maintains unencumbered cash and bank balances of Rs.0.08 crore as on March 31, 2021. The current ratio stands at 1.01 times as on March 31, 2021. The average bank limit utilization for the past 9 months ending December 2021 is ~ 57.34 percent.

Outlook: Stable

Acuité believes that the outlook on Som Autotech Private Limited facilities will remain 'Stable' over the medium term on account of experienced management & comfortable financial risk profile of the group. The outlook may be revised to 'Positive' if the group achieves higher than

expected revenue while improving profitability and effectively managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	173.67	184.64
PAT	Rs. Cr.	3.44	1.87
PAT Margin	(%)	1.98	1.01
Total Debt/Tangible Net Worth	Times	1.37	1.39
PBDIT/Interest	Times	3.65	3.92

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

None.

Any Other Information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Mar 2022	Term Loan	Long Term	0.06	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	0.01	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	0.58	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Working Capital Term Loan	Long Term	4.26	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	0.82	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	0.44	ACUITE BBB- (Withdrawn)
	Term Loan	Long Term	0.14	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Cash Credit	Long Term	15.50	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	0.11	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	0.22	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	8.88	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Bank Guarantee	Short Term	1.42	ACUITE A3 (Upgraded from ACUITE A4+)

	Term Loan	Long Term	3.38	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	2.59	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Proposed Bank Facility	Long Term	7.03	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	0.78	ACUITE BBB- (Withdrawn)
24 Mar 2021	Term Loan	Long Term	0.15	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.10	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.01	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BB+ Stable (Assigned)
	Bank Guarantee	Short Term	1.42	ACUITE A4+ (Assigned)
	Term Loan	Long Term	0.44	ACUITE BB+ Stable (Assigned)
	Working Capital Term Loan	Long Term	4.85	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.09	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	15.50	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	1.33	ACUITE BB+ Stable (Assigned)
		Long		
	Term Loan	Term	0.40	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.78	ACUITE BB+ Stable (Assigned)
	Proposed Bank Facility	Long Term	0.67	ACUITE BB+ Stable (Assigned)
	Proposed Term Loan	Long Term	4.06	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	3.95	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	0.25	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Saraswat Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	1.42	ACUITE A3 Reaffirmed
Saraswat Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.26	ACUITE BBB- Stable Reaffirmed
Janata Sahakari Bank Ltd (Pune)	Not Applicable	Term Loan	Not available	10.25	10-03-2026	8.56	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.25	10-03-2026	3.25	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.25	Not available	0.01	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.25	10-03-2023	0.50	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.50	10-05-2023	0.72	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.25	10-11-2023	2.34	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.25	10-04-2024	0.10	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.25	10-06-2022	0.05	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.25	10-02-2023	0.19	ACUITE BBB- Stable Reaffirmed
Saraswat Bank	Not Applicable	Term Loan	Not available	9.25	10-02-2023	0.12	ACUITE BBB- Stable Reaffirmed
		Working					ACUITE

Saraswat Bank	Not Applicable	Capital Term Loan	Not available	9.50	10-03-2024	3.98	BBB- Stable Reaffirmed
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About Acuité Ratings & Research

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