



Press Release
SINEWAVE GENERATORS PRIVATE LIMITED
January 08, 2025
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.00	ACUITE BBB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	13.00	Not Applicable Withdrawn	-
Bank Loan Ratings	20.00	-	ACUITE A3 Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	38.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) and short-term rating of 'ACUITE A3 (read as ACUITE A three)' on the Rs. 25.00 Cr. bank facilities of Sinewave Generators Private Limited (SGPL). The rating is being withdrawn on account of request received from the company and No Objection Certificate received from the banker.

Acuite has also withdrawn the long-term rating on the Rs. 13.00 Cr of proposed bank facilities of Sinewave Generators Private Limited (SGPL). The same is withdrawn without assigning any rating as it is a proposed facility. The rating is being withdrawn on account of request received from the company.

This withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

Rationale for Rating

The rating reaffirmation is driven by the stable operating performance marked by improved profitability, despite decline in revenue and modest scale of operations of the company. The financial risk profile of SGPL continues to remain healthy, supported by healthy network, low gearing and comfortable debt protection metrics. The rating reaffirmation also considers the long track record of the company and long-standing experience of the promoters, which is expected to help the company to augment its revenue further.

About the Company

Sinewave Generators Private Limited (SGPL) was incorporated in 2002. The Bengaluru-based company is an authorised dealer of diesel generators in Karnataka. The company is engaged in sales, rental, installation and service of Diesel Generator (DG) Sets. Initially, the company started with service activities in the first year and later diversified into sales and other allied works. Now, SGPL is one of the leading dealers for Cummins Powered DG Sets coupled with Stamford Alternators in entire South India. The present directors of the company are Mr. Kalaya Praveen Kumar, Mr. Puthila Vishwanatha, Ms. Sujatha Vishwanath Shetty and Ms. Leelavathi Sunkadakatte.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of SGPL to arrive at the rating.

Key Rating Drivers

Strengths

Long Track record and experienced management

Sinewave Generators (SG) was incorporated in 1996 by Mr. Praveen Kumar and Mr. Vishwanath as a partnership firm and subsequently converted into private limited company. SGPL is an authorised dealer for Cummins Engines. The company is engaged in supply, installation, testing, commissioning and servicing of diesel generators from 7.5 KVA to 3750 KVA. In addition to this the company also caters rental power requirements of the market and has huge rental fleet DG sets in the form of both Mobile and Bed Mounted DG Sets. The experience of the promoters for more than 26 years has helped the company to establish a longstanding relationship with reputed clientele like Embassy Group, TATA Group, Shriram Group, etc.

Healthy Financial Risk Profile

SGPL's financial risk profile continues to remain healthy, supported by a healthy capital structure and comfortable debt protection indicators. The networth of the company stood at Rs. 46.30 Cr. on March 31, 2024 as against Rs. 42.40 Cr. on March 31, 2023 leading to improved TOL/TNW levels of 0.18 times as on March 31, 2024 as against 0.58 times for the previous year. The gearing stood improved at 0.08 times on March 31, 2024 as against 0.38 times on March 31, 2023 on account of reduction in the overall debt levels of the company, which in turn, led to significant improvement in the Debt-EBITDA levels to 0.45 times on March 31, 2024 from 1.64 times on March 31, 2023.

The debt protection indicators stood comfortable with Interest Coverage Ratio (ICR) at 10.19 times and Debt Service Coverage Ratio (DSCR) at 4.38 times in FY2024.

Efficient working capital operations

SGPL's working capital operations continue to remain efficient as reflected from the Gross Current Assets (GCAs) of 37 days, due to improved inventory days of 10 days and debtor days of 28 days on March 31, 2024 from 31 days and 33 days as on March 31, 2023 respectively. The inventory days are expected to increase in the near term as the company is focusing towards the renting segment and will have to maintain adequate inventory levels for the same. The creditor days stood at 8 days on March 31, 2024 as against 4 days on March 31, 2023.

Weaknesses

Modest Scale of Operations

The scale of operations of the company continue to remain modest with a revenue of Rs. 50.35 Cr. in FY2024 as against Rs. 57.04 Cr. in FY2023. In 9MFY2024, the operating income stood at ~Rs.48.00 Cr. and is estimated to close the year around Rs. 60.00 Cr. The operating income is estimated to remain range bound with improvement in profitability margins. The company's operating profitability improved to 13.02 percent in FY2024 as against 11.70 percent in FY2023. The operating profitability is estimated to be sustained at the improved levels in view of increased focus of the company on higher margin generating business segments.

High Geographic concentration of risk

The operations of the SGPL are mainly concentrated in Bangalore region which is responsible for almost all the revenue which exposes the company to geographical and political risk. Therefore, any negative development in this area would significantly hurt the overall operations of the company.

Rating Sensitivities

Not Applicable

Liquidity Position Adequate

The company's adequate liquidity position is supported by generation of sufficient net cash accruals (NCA) of Rs. 6.19 Cr. against maturing repayment obligations of Rs. 0.78 Cr. in FY2024. The current ratio stood at 1.66 times on March 31, 2024. The company's unencumbered cash balance stood at Rs. 0.06 Cr. on March 31, 2024. The average bank limit utilisation stood at 65.37 percent for six months ended November 2024.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	50.35	57.04
PAT	Rs. Cr.	4.00	5.59
PAT Margin	(%)	7.95	9.79
Total Debt/Tangible Net Worth	Times	0.08	0.38
PBDIT/Interest	Times	10.19	10.70

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Apr 2024	Letter of Credit	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	13.00	ACUITE BBB- Stable (Reaffirmed)
01 Feb 2023	Letter of Credit	Short Term	10.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3 (Assigned)
	Term Loan	Long Term	12.50	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Loan	Long Term	0.50	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3 Reaffirmed & Withdrawn
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Reaffirmed & Withdrawn
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3 Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	Not Applicable Withdrawn

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About Acuité Ratings & Research

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