Rating Rationale

Nitya Electrocontrols Pvt Ltd

18 Mar 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 16.00 Crores of Nitya Electrocontrols Pvt Ltd.(NEPL or "the company")

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2018)	Present
Fund based Cash Credit Term Loan	**15.95** **3.33**	**12.50** **Nil**	**Long Term**	**BWR BB** (Pronounced as BWR Double B) **Outlook:Stable**	**BWR BB** (Pronounced as BWR Double B) **Outlook:Stable** **Reaffirmed**
Non Fund Based Bank Guarantee	**9.00**	**3.50**	**Short Term**	**BWR A4** (Pronounced as BWR A Four)	**BWR A4** (Pronounced as BWR A Four) **Reaffirmed**
Total	**28.28**	**16.00**	**INR Sixteen Crores Only**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

The company has not provided the projections for FY19 and FY20

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of FY18, and publicly available information and the information/clarifications provided by the company.

The rating factors in the management experience, marginal visibility in revenue growth , low gearing and satisfactory interest coverage. indicator However, the rating is constrained by low net worth reduced operating profit margin , low profitability, and tight liquidity.

Going forward, the ability of the company to enhance its scale operations with increased revenues, profit and profitability margins, to infuse own funds and manage working capital efficiently would be the key rating sensitivity.

Description of Key Rating Drivers

- **Credit Strengths:**

The promoter director Mr. Prashant Srivastava has a business experience of more than 20 years.gearing ratio is at 1.21 times in FY18. The interest coverage ratio is at 1.97 times in FY18. revenue marginally increased from Rs 49.87 Crs in FY 17 to Rs 50.33 Crs in FY18 registering an increase of 0.92%

- **Credit Risks:**

In spite of marginal increase in revenue in FY18 the other operating income is reduced from Rs6.14 Crs in FY17 to rs 3.07 crs in FY18 reducing the growth percentage , The profitability of the company continues to be low, in spite of an increase in net profit margin from 0.70 % in FY17 to 0.88% in FY18, and a decrease in the operating profit margin from 4.15% in FY17 to 4.10% in FY18. tight liquidity is indicated by current ratio at 1.06 times in FY18, and an average drawings of CC limits by 95% in the last 3 months between Dec 2018 & 2019 (The limits from the present bank was sanctioned on 30.11.2018, hence 3 months review of bank statement)

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Nitya Electrocontrols Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Incorporated in 2007, Nitya Electrocontrols Private Limited (NECPL) , Delhi, was set up by Mr.Prashant Srivastava and his wife, Mrs. Nidhi Srivastava. Mr. Srivastava oversees the day-to-day operations of the company. The company manufactures electrical panels, bus ducts, and junction boxes. It is also engaged in electric contracting. NEPL has two manufacturing units in Noida (Uttar Pradesh).

Company Financial Performance

The company reported a total operating income of ₹ 50.33 Crs in FY18 and ₹ 49.87 Crs in FY17. Net profit was 0.88% in FY18 & 0.70% in FY17. Tangible Net Worth stood at ₹ 8.46 Crs as on 31st March 2018, while as on 31.3.2017 net worth was ₹ 8.02 Crs.

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	14.2.2018	2017	2016
1.	**Fund Based**	Long Term	12.50	**BWR BB** (Pronounced as BWR Double B) **Outlook:Stable Reaffirmed**	**BWR BB** (Pronounced as BWR Double B) **Outlook:Stable**	**Not Rated**	**Not Rated**
2.	**Non Fund Based**	Short Term	3.50	**BWR A4** (Pronounced as BWR A Four) **Reaffirmed**	**BWR A4** (Pronounced as BWR A Four)		
	Total		**16.00**	**₹ Sixteen Crores Only**			

Status of non-cooperation with previous CRA-Not to our knowledge
Any other information-Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Crs	50.33	49.87
EBITDA	₹ Crs	2.06	2.07
PAT	₹ Crs	0.44	0.35
Tangible Net worth	₹ Crs	8.46	8.02
Total Debt/Tangible Net worth	Times	1.21	1.78
Current Ratio	Times	1.06	1.47

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Infrastructure Sector**
- **Short Term Debt**

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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