

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the proposed Bank Loan Facilities aggregating ₹ 8.13 Cr of Precision Electronic Instrument Co.

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Proposed Bank Loan Facilities of Precision Electronic Instrument Co. (*PEIC or firm*).

Facility	Existing Limits(₹ Cr)	Proposed Limits(₹ Cr)	Tenure	Rating
<u>Fund Based</u>				
Cash Credit	4.00	6.25	Long Term	BWR BB- (Pronounced BWR Double B Minus) Outlook - Stable
Term Loan*	-	0.73		
Cheque/Draft Discounting Limit	0.25	0.25		
FDB/FBE/PBL	0.40	0.40		
<u>Non Fund Based</u>				
B/G	0.50	0.50	Short Term	BWR A4 (Pronounced BWR A Four)
Total		8.13	INR Eight Crores & Thirteen Lakhs only	

*Term Loan is the outstanding balance of ₹ 6.00 Cr sanctioned in 2011.

BWR has principally relied upon the audited financial results up to FY13, Projections for FY14 and FY15, publicly available information and information/clarification provided by the company.

The Rating has factored, inter alia, long experience of the promoter, product portfolio, outlets in different region, brand name of GOLDTECH and financial strength derived from recent infusion of funds enabling pre-payment of term liability and bringing down leverage. The rating also derives strength from comfortable and sustained margins. The Rating is however constrained by small scale of business, stretched working capital utilization and Inherent business risk of proprietorship concern.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Company Profile:

Precision Electronic Instrument Co was started in 1995 by Mr Rajnish Kumar Aggarwal as a proprietorship concern. Precision Electronic Instrument Co is mainly engaged in the manufacturing of different type of digital weighing scales and electronic auto/taxi fare meters for Delhi region.

The **firm's office** is located at Paschim Vihar Extn, New Delhi. The firm has two manufacturing units located at **Unit –I:** H-45, Udyog Nagar, Peera Garhi, Delhi. **Unit –II:** 77, Swarn Park, Mundka, Delhi. Firm has outlets in different parts of India like Odisha, Mumbai, Kolkata, Chennai, Bangalore, Hissar and etc. apart from these firm sells product through dealers network. Apart from new product development programmes, firm constantly monitors field problems associated with their developed/manufactured products. Firm sells their product in the brand name of **GOLDTECH**.

Financial Performance:

The Revenue from operations increased from ₹25.33 Cr in FY12 to ₹44.08 Cr in FY13. Company has reported profitability with operating profit margin of 7.71 per cent and net profit margin of 3.83 per cent for FY13. The total term loan of ₹ 6.00 Crs, repayable in 85 months is prepaid to the extent of ₹ 5.27 Cr and the outstanding amount as on 30th June,2014 is ₹ 0.73 Crs.

The Tangible Net worth for FY13 stood at ₹ 7.24 Cr.

Rating Outlook:

The rating reflects the position of the firm in the manufacturing segment of the industry it caters to. Going forward, ability of the company to achieve higher turnover, maintaining its profitability, sustain Capital Structure and ability to improve working capital cycle will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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