



Rating Rationale

Supreme Weather Makers (P) Ltd

20 Aug 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 16.27 Crores of Supreme Weather Makers (P) Ltd.

Particulars

| Facility | Sanctioned Amount (₹ Crs) | Proposed Enhancement (₹ Crs) | Tenure | Rating* |
|-----------------------|---------------------------|------------------------------|---|---|
| Fund Based | | | | |
| SOD | 1.00 | 2.00 | Long Term | BWR BB- BWR Double B Minus Outlook: Stable |
| Term Loan | 1.27* | - | | |
| Non Fund Based | | | | |
| ILC/ FLC | 3.00 | - | Short Term | BWR A4 BWR A Four |
| BG | 10.00 | - | Short Term | |
| Total | 16.27 | | INR Sixteen Crores and Twenty Seven Lakhs Only | |

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials of Supreme Weather Makers Pvt Ltd upto FY17, Provisional financial statements for FY18, publicly available information and information/clarifications provided by the company's management.

The rating draws strength from the experience of the promoters in the engineering & equipment industry , nature of business operations, company's established track record, comfortable capital structure, average debt servicing metrics and adequate working capital management.. However, the rating is constrained by the fluctuating trend in revenue generation, contract based nature of operations, high dependency on hiring and retaining highly skilled employees . Going forward, ability of the company to scale up its operations,



improve revenue and profitability to generate sufficient cash accruals to meet its debt obligations on time in an intensely competitive industry will remain the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

Experienced Promoters: The promoters of SWMPL have over twenty years of business experience in the engineering & equipment industry this ensures a well established relationship with suppliers and customers.

Comfortable capital structure: The overall gearing of the company remained low as indicated by the Total Debt to Tangible Net worth ratio of 0.61 times in FY17. along with an average financial risk profile indicating a comfortable capital structure.

Adequate working capital management : The company has efficient working capital management as indicated by the current ratio of 1.63 times and cash conversion cycle of 34 days.

Improved Net worth of the company: The company observes an year on year growth in its tangible net worth and profitability. Net worth of the company improved to Rs 9.09 Crs in FY17 from 8.14 Crs in FY16. Improved net worth of the company reduces its dependence on external borrowings.

Credit Risks:

Contract based nature of operations: The revenue generation of the company is constrained by contract based nature of operations. The net revenue of the company is affected by on-time completion and recurring nature of contracts resulting in fluctuating revenue levels. .

Technical and fragmented nature of industry: There exists high competition in the service and operations management sector of engineering & equipment industry due to low entry barriers and technical expertise required. The ability of the organisation to retain its customers is crucial.

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 **Supreme Weather Makers (P) 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

Supreme Weather Makers Pvt Ltd (SWMPL) earlier known as "Supreme Engineering" was incorporated in 1989 and later converted into a Pvt Ltd. company on 24th July 2000. The Company is ISO 9001: 2000



certified . The company is involved in operations and maintenance of critical & high technology systems and is a systems solution provider for M/s Voltas Ltd. Mr William Gana Pandiam (60) is the Managing Director of the company. He has over 30 years of business experience.

Company Financial Performance

Total Operating Income of the company in FY17 amounted to Rs 25.22 Cr. The net sales of the company increased at approximately 30% between FY16 and FY17. In FY18 the company estimates a net operating revenue of Rs 26.71 Crs observing a marginal increase of 6% (FY18 Provisional) . In FY17 profit amounted to Rs 0.95 Crs as against Rs 0.78 Crs in Fy16. However, the company estimates a profit of Rs 1.14 Crs in FY18 (Provisional).

Key Financial Indicators

| Key Parameters | Units | 2017 | 2016 |
|-------------------------------|-------|---------|---------|
| Result Type | | Audited | Audited |
| Operating Revenue | ₹ Cr | 25.22 | 18.41 |
| EBITDA | ₹ Cr | 2.23 | 1.78 |
| PAT | ₹ Cr | 0.95 | 0.78 |
| Tangible Net worth | ₹ Cr | 9.09 | 8.14 |
| Total Debt/Tangible Net worth | Times | 0.61 | 0.66 |
| Current Ratio | Times | 2.56 | 1.63 |

Rating History for the last three years

| S.No | Instrument /Facility | Current Rating | | | Rating History | | |
|------|----------------------|------------------------------|----------------|---|----------------|------|------|
| | | Type (Long Term/ Short Term) | Amount (₹ Crs) | Rating | 2017 | 2016 | 2015 |
| 1 | Fund Based | Long Term | 3.27 | BWR BB- Outlook Stable | - | - | - |
| 2 | Non Fund Based | Short Term | 13.00 | BWR A4 | - | - | - |
| | Total | | 16.27 | ₹ Sixteen Crores and twenty Seven Lakhs Only | | | |



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities



DISCLAIMER

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