



## Press Release

### Susan Electricals India Private Limited

**August 02, 2024**

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	18.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	-	Assigned	<a href="#">Simple</a>
Short Term Bank Facilities	11.50	IVR A4+ (IVR A Four Plus)	-	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>29.50</b>	<b>Rupees Twenty Nine Crore and Fifty Lakh Only</b>			

Details of Facilities/Instruments are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has assigned long term rating of IVR BB+ with Stable outlook and short-term rating of IVR A4+ for the bank facilities of Susan Electricals India Private Limited (SEIPL).

The rating draws comfort from its experienced management, reputed client base and proven project execution capability and improvement in scale of operations. However, these strengths are partially offset by exposure to risks related to tender-based business, volatility in raw material prices and average financial risk profile.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that SEIPL will continue to benefit from its experienced management and long-term relationships with clients.

IVRPL has principally relied on the audited financial results of SEIPL's up to 31 March 2023, unaudited certified provisional results for FY2024(i.e. review period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024), and projected financials for FY2025, FY2026 and FY2027, along with publicly available information/ clarifications provided by the company's management.

#### Key Rating Sensitivities:

##### Upward Factors

- Significant improvement in scale of operations with continuous inflow of orders and improvement in profitability margins
- Improvement in the capital structure with further improvement in debt protection metrics.



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### Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any further significant rise in working capital intensity or unplanned capex leading to any deterioration in the liquidity position.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced management**  
The key promoter of the company Mr. Vishal Jain has more than 2 decades of experience in cables and conductors' industry. Under his leadership, the company is growing continuously and has established relationships with reputed clients such as State government Discoms.
- **Reputed client base and proven project execution capability**  
The company has a reputed client base which includes, several state power discoms. Over the past few years, the company has successfully completed many projects and is favoured for repeated orders from its clientele. A reputed client base largely reduces the counterparty risk.
- **Improved scale of operations:**  
Total operating income of the company increased to Rs. 104.25 crore in FY2024 (Provisional) from Rs.78.38 crore in FY2023 due to new contacts acquired from the State government discoms. EBIDTA of the company has improved to Rs.3.25 crore in FY2024(Provisional) in comparison to Rs. 1.34 crore in FY23. PAT has also marginally increased to Rs.1.61 crore in FY2024 (Provisional) from Rs.0.68 crore in FY2023.

#### Key Rating Weaknesses

- **Exposure to risks related to tender-based business.**  
The company generates whole revenue from contracts received on successful bidding of tenders from State power discoms. As a result, its order book and revenue are reliant on successful winning of tenders in a competitive bidding process. Due to this, there is a risk of decline in revenue and profitability margins if the company doesn't get sufficient orders.
- **Volatility in Raw material prices**  
The raw material is major cost, which constitutes more than 90% of the total production cost of the company. Any adverse change in the prices of raw materials such as aluminium rod, wire, cables etc. could affect the profit margins of the company. The sustenance of operating margins remains a key monitorable over the medium term.



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- **Average financial risk profile**

Financial risk profile of the company is average marked by modest net worth, moderate gearing, and average debt protection metrics. The net worth of the company stood modest at Rs.7.47 Crore as on 31 March 2024 and Rs. 3.56 crore as on 31 March 2023. The overall gearing stood moderate at 3.34x as on 31 March 2024 as against 4.13x as on 31 March 2023. The debt protection metrics marked by interest coverage ratio and DSCR improved marginally at 2.54 times and 1.16x, respectively, in FY2024 (Provisional) as against 2.53 times and 0.58x, respectively, for FY2023.

**Analytical Approach:** For arriving at the ratings, IVR has analysed SEIPL's credit profile by considering the standalone financial statements of the company.

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

**Liquidity – Adequate**

The company has generated a gross cash accrual of Rs. 1.99 crore in FY2024 (Provisional) against the debt repayment obligation of Rs. 1.53 crore. Further, the company liquidity position is adequate marked by sufficient cushion in expected accruals vis-à-vis its repayment obligations for the period FY2025-FY2027. The average utilization of fund-based bank limits for last 12 months ended May 2024 stood moderately utilised at 54.30%. The current ratio stood at 1.10x as on March 31, 2024. Further, the company has cash and cash equivalents amounting to Rs.1.96 crore as on March 31, 2024.

**About the Company**

Susan Electricals India Private Limited was incorporated on December 10, 2007, by Mr. Vishal Jain. The company is engaged in manufacturing and supply of all kinds of electrical wires and cables. It has three manufacturing facilities, of which two are in Ghaziabad and one in Delhi with combined installed capacity of 48000 ton and 12000 km. The company primarily works for the State Electricity Board of India.



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### Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	78.38	104.29
EBITDA	1.34	3.25
PAT	0.68	1.61
Total Debt	14.71	24.92
Tangible Net Worth	3.56	7.47
EBITDA Margin (%)	1.71	3.12
PAT Margin (%)	0.87	1.54
Overall Gearing Ratio (x)	4.13	3.34
Interest Coverage (x)	2.53	2.54

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Fund Based	Long Term	18.00	IVR BB+/Stable	-	-	-
2.	Non-Fund Based	Short Term	11.50	IVR A4+	-	-	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	18.00	IVR BB+/Stable
Bank Guarantee	-	-	-	-	11.50	IVR A4+

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Susan-Electricals-aug24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).