Rating Rationale

14 May 2020

BT Solders Pvt. Ltd.

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 11.50 Crores of BT Solders Pvt. Ltd..

Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (March 2019)	Present
Fund Based	**8.76**	8.00	Long Term	**BWR BB-** (Pronounced as Double B Minus) **Outlook: Stable**	**BWR BB- (Stable) (Reaffirmed)**
Non-fund Based	**4.00**	3.50	Short Term	**BWR A4+**	**BWR A4+**
Total	**12.76**	**11.50**	**INR Eleven Crores and Fifty Lakhs only**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
** Details of Bank facilities/NCD/Bonds/Commercial Paper is provided in Annexure-I&II

RATING ACTION / OUTLOOK

BWR believes the **BT Solders 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.

KEY RATING DRIVERS

Brickwork rating has reaffirmed the ratings at BWR BB-/A4+. The rating draws strength from the established track record, experienced promoters modest scale of operations and a diversified customer mix. These strengths are partially set off by the average financial performance and the dependence on non operating income.

Credit Strengths:

Long track record of promoters in the manufacturing industry: Incorporated in 1981, BT Solders Pvt Ltd. manufactures Solder Wires, Solder Sticks , Soldering Products & Zinc Alloys. The directors and key management personnel are well qualified with an experience of around three decades in the field, which has helped the company to establish its position in the market and cater to well reputed players. The Company has also recently started trading in Non Ferrous metals such as Zinc, Tin etc

Modest Scale of operations: The operating revenue of the company has consistently increased over the past three years. The revenue has increased from Rs. 50.70 crores in FY18 to Rs. 61.64% in FY19. The company has reported a revenue of Rs. 116.42 in FY20 on a provisional basis. The networth of the company has increased from Rs. 8.92 crores in FY18 to Rs. 10.65 crores in FY19.

Well Diversified Customer Mix: The company has a geographically diversified customer mix which reduces exposure to concentration risk of revenue.

Credit risks:

Dependence on Non Operating Income: The company is profitable at the operating level but is able to sustain the bottom line due to non operating income. Non operating income includes Interest income, dividend received, profit on sale of investments and assets.

Average financial risk profile: The financial risk profile is average marked by gearing of 0.88 times as on 31 March, 2019 as against 0.83 times in the previous year. The total debt stood at Rs. 9.42 crore which includes short term borrowings of Rs. 7.32 crores. The interest coverage ratio stood at 0.95 times in FY19 as against 1.63 times in FY18. The tangible net worth stood at Rs. 10.65 crore as on 31 March, 2019 compared to Rs. 8.92 crores in the previous year. The net cash accruals to total debt (NCA/TD) stood at 0.23 times in FY19 as against 0.2 times in FY2018. The conversion cycle of the company is 31 days.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has essentially relied upon the audited financials of the Company upto FY19, projected statements upto FY21, publicly available information and information/clarifications provided by the management.

RATING SENSITIVITIES

Going forward the ability of the Company to increase its scale of operations and manage its working capital efficiently would be the key rating sensitivities.

Positive: The ratings may be upgraded if the Company manages to achieve its envisaged growth by maintaining its overall financial risk profile.

Negative: The ratings may be downgraded if there is a deterioration in the overall financial risk profile of the Company

LIQUIDITY POSITION : Stretched
The company has working capital facilities of Rs 11.50 crs and its average utilization of 100% over the 12 months ended November 2018. The company has a current ratio of 1.52 times. ISCR of 0.95 times.

COMPANY PROFILE

BT Solders Pvt Ltd. was incorporated in 1981and is engaged in manufacturing of solder wires, solder sticks , soldering products & zinc alloys. It has just started trading in Non Ferrous metals such as Zinc, Tin etc. The manufacturing facility of the company is located in Mysore, Karnataka and the Registered Office is in Geddahalli Bangalore. The company also has branch offices in Delhi and Mumbai that cater to sales in the region and Distributors in Pune and Nasik.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	**Units**	**FY18**	**FY19**
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	50.7	61.67
EBITDA	₹ Cr	1.75	1.15
PAT	₹ Cr	0.79	1.87
Tangible Net worth	₹ Cr	8.92	10.65
Total Debt/Tangible Net worth	Times	0.84	0.88
Current Ratio	Times	1.43	1.52

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED- NA

NON-COOPERATION WITH PREVIOUS RATING- None

' RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Facilities	Current Rating (2020)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	2019	2018	2017
Fund Based	Long Term	8.00	**BWR BB- (Stable) (Reaffirmed)**	**BWR BB- (Stable)**	-	-
Non-fund Based	Short Term	3.50	**BWR A4+**	**BWR A4+**	-	-
Total		**11.50**	**INR Eleven Crores and Fifty Lakhs only**			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

General Criteria

Approach to Financial Ratios

Manufacturing Sector

Analytical Contacts	Investor and Media Relations
Shivangi Gupta Ratings Analyst B :+91 80 4040 9940 Ext :347 shivangi.g@brickworkratings.com K S Nagaraj Associate Director - Ratings B :+91 80 4040 9940 nagaraj.ks@brickworkratings.com	Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com

BT Solders Pvt. Ltd.

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Canara Bank (Earlier Syndicate Bank)	Fund Based	8.00	8.00	8.00
		Non-fund Based	3.50	3.50	3.50
TOTAL					**11.50**

Total Rupees Eleven Crores and Fifty Lakhs only.

For print and digital media

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DISCLAIMER

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