

Rating Rationale

HIMSKAF SYSTEMS PRIVATE LIMITED

14 March 2018

Brickwork Ratings assigns ratings for the long term bank loan facilities of Himskaf Systems Private Limited.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Assigned rating
<u>Fund Based</u>			
Cash Credit limit Sub limit against Book debt	4.25 (2.12)	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable
Term Loan (O.s)	1.25		
<u>Non Fund Based</u>			
Letter of Credit Bank Guarantee within L.C	2.70 (2.70)	Short Term	BWR A4 (Pronounced as BWR Single A Four)
Bank Guarantee (Enhancement)	3.12		
Total	Rs 11.32 Crores (INR Eleven Crores and Thirty Two Lakhs Only)		

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

Long Term Rating assigned BWR B+ (Outlook: Stable) and Short Term Rating assigned BWR A4

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While assigning the rating of Himskaf Systems Private Limited (HSPL or ‘the company’) engaged in the manufacture of different types of steel structures, for industry and infrastructure, BWR has essentially relied upon the company’s audited financial results upto FY17, available information and clarification provided by the management. While BWR has factored in the experienced management of the company, the rating is constrained by small scale of operations, small capital base, high gearing and modest debt service indicators.

Key Rating Drivers

Credit Weakness

- The company has small scale of operations with revenues of Rs. 21.15 crores with net profit of Rs. 0.17 crores in FY17.
- Small capital base with TNW of Rs.3.22 crores in FY17.
- High gearing with TOL/TNW of 3.82x in FY17.
- Modest debt service indicators with Interest Service Coverage Ratio (ISCR) of 1.28x and poor Debt Service Coverage Ratio (DSCR) of 0.99x in FY17.
- Low Net Profit Margins of 0.80% in FY17.

Credit Strengths:

- a) Experienced management as the promoters’ family have been traditionally engaged in steel structure business.
- b) Satisfactory liquidity position with current ratio of 1.35x in FY17.

Rating Outlook: Stable

BWR believes the Himskaf Systems Private Limited’s *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.

Analytical Approach

BWR has factored in the standalone business parameters and financial risk profile of the Society to arrive at the rating. Reference may also be made to the Rating Criteria hyperlinked below.

About the Company

Himskaf Systems Pvt. Ltd. (HSPL) is an ISO; 9001;2015 company, working in the field of design, engineering, heavy fabrication, form work and site erection since 2001. The company is engaged in the manufacturing of different type of steel structures, girders, formwork, foot over bridge and signage gantry and also provides turnkey execution of mechanical and civil work on contract basis. The company is managed by the directors, Mr. Subhash Sharma and Mr. Pranav Sharma. The company has its units located at Bhiwadi Rajasthan.

Company Financial Performance

Total operating income declined from Rs 24.08 Cr in FY16 to Rs 21.15 Cr as per FY17 and PAT declined from Rs 0.19 Cr in Fy16 to Rs 0.17 Cr as per FY17

Key Financial Ratios

	FY16	FY17
Net sales/Revenues	Rs 24.08 Cr	Rs 21.15 Cr
EBIDTA	Rs 1.24 Cr	Rs 1.39 Cr
PAT	Rs 0.19 Cr	Rs 0.17 Cr
Net Worth	Rs.3.05 Cr	Rs. 3.22 Cr
Total Debt : TNW	2.28 times	2.90 times
Current Ratio	1.31 times	1.35 times

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History	
		Type	Amount (Rs Cr)	Rating	2016	2015
1.	Cash Credit Limit Sub limit against book debt Term loan (O.s)	Long Term	4.25 (2.12) 1.25	BWR B+	NA	NA
	Non Fund Based Letter of Credit Bank Guarantee within L.C Bank Guarantee (Enhancement)		2.70 (2.70) 3.12	BWR A4		
			Rs 11.32Crores (INR Eleven Crores Thirty Two Lakhs Rupees Only)			

Status of non-cooperation with previous CRA (if applicable) – NA

Any other information - NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach To Financial Ratios](#)
- [Manufacturing Sector](#)

Mr. Ashwini Mital Sr. General Manager	media@brickworkratings.com
analyst@brickworkratings.com	bd@brickworkratings.com
Phone: 1-860-425-2742	

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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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