



Rating Rationale

S.B. Mineral Industries

26 Oct, 2017

Brickwork Ratings assigns ratings for the Bank Loan facilities aggregating Rs. 5.00 Crores of S.B. Mineral Industries.

Particulars:

Facility	Rated Amount(In Crs)	Tenure	Rating Recommended
Fund Based – Over-draft	4.00	Long Term	BWR B+ (Pronounced as Single B Plus) Outlook : Stable
Non Fund Based: Packing Credit	0.50	Short Term	BWR A4(Pronounced as Single A Four)
Fund Based – Bills Discounting	0.50		
Total	5.00	Rupees Five Crores 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 for FY14 to FY16 & Provisional FY 17 and projections of FY 18 & FY 19 and publicly available information and information / clarifications provided by the management of the company.

The rating has inter – alia factored in the experience of partners, established long term relations with reputed customers and continuous growth in Sales. However, the rating is constrained by high gearing ratio, stretched working capital cycle, thin profitability margins, weak debt protection metrics and highly competitive industry.

Key Rating Drivers

Credit Strengths

- **Experienced partners** – The partners of firm has been involved in the business for more than 20 years and have gained thorough knowledge of the market.
- **Improvement in Sales Y-O-Y** – Net Sales of the firm has increased from Rs.12.63 Crs in FY 16 to Rs. 16.42 Crs in FY 17 showing an increase of 30% because of long relationships with customers.

Credit Weakness



- **High Gearing Ratio** - Highly leveraged capital structure due to funding of working capital requirements and other loans taken from banks. Firm has Gearing ratio (i.e. TOL/TNW) is 4.88x in FY 17.
- **Stretched Working capital cycle** - During the year FY 17, inventory and debtor holding period was of 65 and 139 days respectively. Due to high working capital cycle, there is a blockage of funds of firm in current assets and may create problem in repayment of its current and short term liabilities.
- **Highly Competitive industry** - The industry is highly competitive with multiple players which results in intense competition from the organised as well as unorganised players.
- **Thin Profitability and weak debt protection metrics** – Due to presence of large number of players, net profit margin are declining and were at 0.49% in FY 17 as against 0.73% in FY 16. Protection metrics were also weak with ISCR and DSCR at 1.24x and 0.83x respectively as on 31.03.2017.

Rating Outlook: Stable

BWR believes the S.B. Mineral Industries'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 there is a sustained improvement in the revenues and profits of the company. The rating outlook may be revised to 'Negative' if the revenues and profits reduce due to non implementation of the same.

About the Company

S.B. Mineral Industries was formed as a partnership concern by Mr. Sudhir Sehgal and Mr Bhupinder Sehgal. Firm is engaged in the manufacturing and trading of Talc and calcium carbonate. The firm has two processing units i.e one at F-441, Paryavaran Marg, Mewar Industrial Area, Madri, Udaipur and another at Plot No.1 Gudli, Road 4-C, Udaipur.

Result Type		31/Mar/2016	31/Mar/2017
		Audited	Provisional
Total Operating Income	Crores	12.63	16.42
OPBDIT	Crores	1.75	2.27
PAT	Crores	0.09	0.08
Tangible Net Worth	Crores	2.03	2.90
Current Ratio	Times	2.11	2.34
TOL/TNW	Times	5.91	4.88

Company Financial Performance



Status of non-cooperation with previous CRA: NA

Facility	Tenure	Rating Assigned (2017)		Rating History		
		Previous Amount (Rs. Crs)	Rating	2016	2015	2014
Fund Based: Cash Credit	Long Term	4.00	BWR B+ (Pronounced as Single B Plus) Outlook : Stable	NA	NA	NA
Bills Discounting		0.50		NA	NA	NA
Non Fund Based Packing Credit	Short Term	0.50	BWR A4 (Pronounced as BWR A Four)	NA	NA	NA
Total		5.00	INR Five Crores only			

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

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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.

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