



RATING RATIONALE

20 Dec 2019

Sadguru Saai Energies Pvt Ltd.

Brickwork Ratings Downgrades the ratings for the Bank Loan Facilities of ₹. 7 Crores of Sadguru Saai Energies Pvt Ltd.

Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (October 2019)	Present
Fund Based	4.00	4.00	Long Term	BWR B Outlook: Stable	BWR D (Downgraded)
Non-fund Based	3.00	3.00	Short Term	BWR A4	
Total	7.00	7.00	Rupees Seven Crores Only		

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

RATING ACTION

Brickwork rating has downgraded the ratings to BWR D. The present rating downgrading has factored the inability of the Company to honor their debt obligations as per the agreed time frame with their lenders.

KEY RATING DRIVERS

Brickwork Ratings has received banker's feedback confirming that the company's account is regularly in SMA 1 and 2 as there are delays in payment.

The downgrading of the ratings has factored the strained liquidity resulting in the company facing difficulty in timely servicing their debt obligation, low net worth and a high gearing ratio.

Credit Strengths:

- **Locational Advantage:** The company is located in Bangalore cluster and thus has a competitive advantage in terms of skilled labor, logistics, production knowledge and vendors.



- **Management Experience:** The promoter director is well experienced.
- **Company's Existence:** The company is in existence for 16 years and has seen complete business cycles.
- **Revenue from Operations:** The company's revenue from operations has grown substantially by 44.13 % in FY 18.

Credit risks:

- **Banker Feedback:** As per feedback received from the banker, the facilities of the company have been categorized as SMA 2.
- **Account Receivables:** The company's Account Receivable days of 259 is a concern.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has essentially relied upon the audited financials of the Company upto FY18, provisionals of FY19, publicly available information and information/clarifications provided by the management.

RATING SENSITIVITIES

Going forward the ability of the Company to timely repay its financial obligations and manage its working capital efficiently would be the key rating sensitivities.

LIQUIDITY POSITION: MODERATE

The company's cash flow position remains moderate reflected by the current ratio of 1.07 times.

COMPANY PROFILE

Sadguru Saai Energies Pvt. Ltd. was incorporated in 2003 with a registered office at No.23,24 Sunrise layout, Yelachenahalli, Bangalore. The company is engaged in civil construction.



KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY17	FY18
Result Type		Audited	Audited
Operating Revenue	₹ Cr	13.07	18.84
EBITDA	₹ Cr	1.69	1.51
PAT	₹ Cr	1.23	1.45
Tangible Net worth	₹ Cr	4.22	5.85
Total Debt/Tangible Net worth	Times	1.18	1.12
Current Ratio	Times	1.06	1.07

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED- NA

NON-COOPERATION WITH ANY PREVIOUS RATING- None

RATING HISTORY

Facilities	Current Rating		Rating History		
	Tenure	Amount (₹ Cr)	2019	2018	2017
Secured Overdraft against Hypothecation	Long term	4.00	BWR D Outlook: Stable (Downgraded)	BWR B Outlook: Stable	Not Rated
Inland LC	Short term	3.00		BWR A4	
Total		7.00	INR Seven Crores 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](#)

[Service Sector](#)

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Sadguru Saai Energies 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	Syndicate Bank	Secured Overdraft against Hypothecation	4.00		4.00
2		Inland LC		3.00	3.00
TOTAL					7.00

Total Rupees Seven Crores only.



For print and digital media

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