RATING RATIONALE

15 July 2020

Sagittarius Profiles Pvt. Ltd.

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 5.15 Crores of Sagittarius Profiles Pvt. Ltd.

Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (April 2019)	Present
Fund Based	**5.23**	**5.15**	Long Term	**BWR B+** Outlook: Stable (Reaffirmed)	**BWR B** Outlook: Stable (Downgraded)
Total	**5.23**	**5.15**	**INR Five Crores and Fifteen 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 **Sagittarius Profiles 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 downgraded the ratings at BWR B. The rating draws strength from the extensive industry experience of the promoters and the established relationships with customers and suppliers

These strengths are partially set off by the small scale of operations, below average financial risk profile, tight liquidity position and volatility in raw material prices.

Credit Strengths:

- **Extensive industry experience of the promoters:** Promoter' extensive experience of more than three decades in the same line of business will continue to support the business risk profile.
- **Established relationships with its customers and suppliers:** Promoters' have developed a healthy relationship with its customers and suppliers for more than five years and are obtaining repeat orders from them.

Credit risks:

- **Below average financial risk profile of the company marked by low net-worth and high gearing:** The financial risk profile is constrained by low net-worth of Rs. 0.23 Cr and high gearing as debt equity stood at 22.81 times in FY19.
- **Small scale of operations and tight liquidity position:** The net sales of the company is marginally declined from Rs. 19.02 Cr in FY18 to Rs. 18.01 Cr in FY19. This is mainly due to the overall slowdown in the real estate sector and a drip down in demand. Tight liquidity position as current ratio stood at 0.89 times in FY18
- **Susceptibility to fluctuation in raw material prices:** SPPL operates in the cyclical steel industry, thus making it susceptible to fluctuations in raw material prices and vulnerable to downturns in industry demand, leading to a decline in realizations and profitability. Further, the profitability is vulnerable to adverse government changes such as changes in duties and tariffs which impacts the final output cost.

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

Average utilisation of working capital facilities over the last one year was ~97%. Net cash accruals/Total debt was low at 0.07 times in FY19. Current ratio was low at 0.89 times as on 31 Mar 2019. Conversion cycle was stretched at 87 days in FY19 mainly on account of the increase in inventory holding period from 55 days in FY18 to 61 days in FY19. Cash and cash equivalents were 0.06 crores as on 31 Mar 2019 (as against Rs 0.07 crores as on 31 Mar 2018).

COMPANY PROFILE

Sagittarius Profiles Private Limited (SPPL) is engaged in the manufacturing of an extensive range of roofing sheets, rolling shutters and mild steel structural pipes from steel coils. SPPL's customers include major real estate developer in and around Bangalore viz., Salarpuria groups, Brigade group, Prestige group, Shobha developers etc. SPPL registered office is situated at Yeshwantpur, Bangalore , Karnataka. SPPL is a subsidiary company of Sagittarius Metals Private Limited which holds 60% of total shareholding.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY18	FY19
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	19.20	18.01
EBITDA	₹ Cr	1.28	0.94
PAT	₹ Cr	0.27	0.18
Tangible Net worth	₹ Cr	0.05	0.23
Total Debt/Tangible Net worth	Times	116.98	22.81
Current Ratio	Times	0.98	0.89

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	5.15	**BWR B** Outlook: Stable (Downgraded)	**BWR B+** Outlook: Stable (Reaffirmed)	**BWR B+** Outlook: Stable (Reaffirmed)	**BWR B+** Outlook: Stable (Reaffirmed)
Total		**5.15**	**INR Five Crores and Fifteen 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 Companies

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Sagittarius Profiles 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**	**Fund Based** Cash Credit Term Loan	5.00 0.15	-	5.15
TOTAL					5.15

Total Rupees Five Crores and Fifteen Lakhs only.

For print and digital media

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DISCLAIMER

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