

Rating Rationale

Sandeep Enterprises (A Unit of Vision Vanijya Pvt Ltd)

26 April 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Sandeep Enterprises

Particulars

Facility	Tenure	Rated Amount	Rating Assigned [^]
Term Loan	Long Term	2.05	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Cash Credit		11.00	
Letter of Credit	Short Term	16.00	BWR A4 (Pronounced as BWR Single A Four)
Total		29.05	Rupees Twenty Nine Crore and Five Lakhs Only

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of the firm up to FY17, publicly available information and information/clarifications provided by the firm's management.

The rating draws comfort from the experience of the promoters, comfortable liquidity and established relations with the client of the firm. The rating is, however, constrained on account small scale of operations, decline in profitability margins and deterioration in debt protection metrics.

Credit Strengths:

- **Experience of the promoter:** The proprietor of the firm is Vision Vanijya Private Limited. The promoters are in the same line of business from 3-4 decades and second line of generation is looking after the business. Present Director of the company, Mr. Sandeep Jain, has an experience of more than 2 decades in the business.
- **Comfortable liquidity:** The liquidity position of the firm, denoted by current ratio, is at a comfortable level. In FY17, it has been reported at 2.20 times in comparison to 1.49 times in FY16.
- **Established client relationship:** As the firm is in business from a long time, they have established a healthy relationship with their suppliers as well as customers.

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Credit Weaknesses:

- **Small scale of operations:** The scale of operations of the firm is small. Although the firm has improved its topline in FY17 to Rs. 48.58 Cr from Rs. 43.15 Cr in FY16. Also, as per the information shared by the firm, on provisional basis, they have achieved a revenue of Rs. 64 Cr in FY18.
- **Decline in profitability:** Due to intense competition in the industry, the firm's margins are affected. The OPM and NPM had been at 10.18% and 1.06% in FY16 which have declined to 7.39% and 0.94% in FY17.
- **Deterioration in debt protection metrics:** Due to squeezed margins, the debt protection metrics have also deteriorated. The ISCR and DSCR had been at 1.39 times and 0.92 times in FY17 as compared to 1.64 times and 1.03 times in FY16.

Rating Outlook: Stable

BWR believes the Sandeep Enterprises' 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.

About the Company

Sandeep Enterprises is a Unit of Vision Vanijya Pvt Ltd. Sandeep Enterprises is the trade name and the Vision Vanijya Pvt Ltd is the Proprietor of Sandeep Enterprises. Sandeep Enterprises is in business from the year 1979 and Vision Vanijya Pvt Ltd was set up as a pvt ltd company in 2005. Mr. Sandeep Jain is the key management personnel and is looking after the day to day operations of the business. The registered office of the firm is in Delhi and branch office is in various location i.e. Mumbai, Ahmedabad, Sonipat, Bengaluru and Ludhiana. The firm is into the manufacturing of Tools and Die Casting business. Product portfolio of the firm includes ball bearing steel, alloy steel, high speed steel and plastic mould steel. The firm imports its raw material and sell the final product in the domestic market. The firm has a long association with the suppliers customers and the orders are placed verbally. Also the firm is ISO 9001:2015 certified.

Company Financial Performance

	Unit	FY16 (Aud.)	FY17 (Aud.)
Net Sales	Rs. in Cr	43.15	48.58
EBIDTA	Rs. in Cr	4.39	3.59
PAT	Rs. in Cr	0.46	0.46
Tangible Networth	Rs. in Cr	6.83	9.51
Total Debt : TNW	Times	4.24	2.77
Current Ratio	Times	1.49	2.20

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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