

Rating Rationale

Brickwork Ratings reaffirms 'BWR B+' for Shinag Allied Enterprises' Bank Loan Facilities aggregating ₹ 9.88 Cr

Brickwork Ratings (BWR) has reaffirmed the **Rating¹** for the Bank Loan Facilities of ₹9.88 Crores (enhanced from Rs.6.00 Cr) of Shinag Allied Enterprises ("SAE" or the "Concern") as follows:

Facility	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Tenure	Rating History	Present Rating
Fund Based:					
Cash Credit	6.00	8.00	Long Term	BWR B+ (Outlook : Stable)	BWR B+ [Pronounced BWR B plus] (Outlook : Stable) Reaffirmed
Letter of Credit #	(2.00)	-			
Term Loan	-	1.88			
Total	6.00	9.88	INR Nine Crore Eighty Eight Lakhs only		

Sublimit of Cash Credit

BWR has essentially relied upon the audited financial results of the concern upto FY15, provisional financials of FY16, publicly available information and information/clarifications provided by the management.

The ratings continue to factor the promoters' industry experience, good customer base and revenue growth from operations. However, the ratings remain constrained by the small scale of operations, low networth, high gearing, working capital intensive nature of operations and highly fragmented and competitive industry.

Background:

Shinag Allied Enterprises (SAE) is a proprietorship concern established in 1999 in Bengaluru. SAE is into manufacturing of Domestic Pressure Cookers, Aluminium Cookware Combos, Burner Gas Ranges, Aluminium Pressure Cookers, Hard Anodized Cookers and several other products. The manufacturing plant is in Gabbadi Village, Harohalli Hobli, Kanakpura with installed capacity per annum of 16 lakhs of cookers, 6 lakhs of non-stick utensils and 1 lakh of LPG stoves. Trent Hypermarket, Metro Cash and Carry are some key customers of the concern.

Management-Profile:

Smt.Prakashi Gandhi is the proprietor of Shinag Allied Enterprises and her husband Mr.Sanjay Gandhi manages the business.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

SAE reported Net Revenue of Rs. 48.95 Crs and PAT of Rs. 0.89 Crs in FY16 (Provisional) as against Net Revenue of Rs. 42.76 Crs and PAT of Rs. 0.63 Crs in FY15. Proprietor’s capital was Rs.3.37 Crs as at March 31 2016.

Rating Outlook:

The rating outlook is expected to remain stable over the current year. Going forward, the ability of the concern to expand its scale of operations, improve profitability, strengthen its financial risk profile and manage its working capital efficiently would be the key rating sensitivities.

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