

Rating Rationale

Shree Sai Industries Private Limited

26th April 2017

Brickwork Ratings reviews the ratings for the Bank Loan Facilities of Rs. 20.00 Cr of Shree Sai Industries Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	(8.50)	(8.50)	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Downgrade
Non Fund Based	30.00	20.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4 (Pronounced as BWR A Four) Downgrade
Total	30.00	20.00	INR Twenty Crores only		

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

Ratings Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of FY14 – FY16, provisional 9MFY17, Projected FY17-FY18 and publicly available information and information/clarification provided by the company's management.

The Rating is downgraded by its stretched liquidity position coupled with weak & deteriorated debt coverage metrics as observed in FY16 and onward; low profitability owing to the nature of trading business; de growth in the scale of operation in FY16. The rating is also constrained due to inherent risk of sluggish steel industry and intense competition in the vicinity from large number of unorganized players, as well.

However, the constraints are partially offset by *inter alia*, long track record of the entity, experienced management of over three decades in steel trading industry and established customer base.



Going forward, the growth in company's scale of operation & profitability with substantial improvement in the liquidity and debt coverage position, remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Shree Sai Industries Private Limited** 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

Shree Sai Industries Pvt. Ltd. was incorporated in 1981 by Mr. Jayprakash Vyas at Mumbai, Maharashtra. It has three Directors namely, Mr. Bipin M Vyas, Mr. Pushkar M Vyas and Mr. Kunal J vyas.

It is engaged into trading of steel products by way of procuring it locally or by importing.

Since inception, it caters to its customers directly or through other traders or agents which also include few reputed names in the market such as *Mukand Ltd., Steel Konnect (India) Pvt. Ltd.,* etc.

Company Financial Performance

The company has achieved Rs. 179.14 Cr of net revenue with a net profit of Rs. 0.86 Cr in FY 16, as against Rs. 199.43 Cr of net revenue and a net profit of Rs, 0.91Cr in FY15. The OPM has declined to 1.40% in FY16.

The TNW of the company stood at Rs. 39.05 Cr in FY16 (FY15: Rs. 38.14 Cr) due to retention of profits. Subsequently the gearing level remained flat in FY16. The debt coverage metrics has weakened in FY16 with a stretched liquidity position mainly due to lesser realization from its debtors.

In its 9MFY17, it has achieved net revenue of Rs. 56.42 Cr, on a provisional basis.

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount	Rating	7 th March 2016	2015	2014
1	Import LC	Short Term	Rs. 20.00 Cr	BWR BB-/A4 (Outlook: Stable)	BWR BB+(Outlook : Stable)/A4+	NA	NA
2	Cash Credit (Sublimit of ILC)	Long Term	Rs. (8.50) Cr				



Hyperlink/Reference to applicable Criteria

- [General Criteria](http://www.brickworkratings.com/download/Criteria-SO_Instruments.pdf)
- [Approach to Financial Ratios](http://www.brickworkratings.com/download/Criteria-SO_Instruments.pdf)

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For print and digital media

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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.

DISCLAIMER

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