



## Rating Rationale

Shri Siddarth Industries

21 Jun 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Shri Siddarth Industries.

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
<b>Fund Based</b>					
Cash Credit	12.00	14.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	<b>BWR BB+</b> <b>(Pronounced as BWR Double B Plus)</b> <b>Outlook: Stable</b> <b>(Reaffirmed)</b>
<b>Non Fund Based</b>					
Letter of Credit (LC)	12.00	14.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus) (Reaffirmed)	BWR A4+ (Pronounced as BWR A Four Plus) (Reaffirmed)
Bank Guarantee (Sub-limit of LC)	(5.00)	(5.00)			
<b>Total</b>	<b>24.00</b>	<b>Rs. 28.00 Crores (Rupees Twenty Eight Crores Only)</b>			

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Reaffirmed

Brickwork Ratings reaffirms the long term rating of 'BWR BB+' and short term rating of 'BWR A4+' for the bank loan facilities aggregating to Rs. 28.00 Crores of Shri Siddarth Industries.

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, promoters' extensive experience of over two decades in steel trading business, long existence of the firm for 15 years and year on year improvement in revenue. However the rating is constrained by moderate scale of operations, limitations of proprietorship constitution, increase in levels of debt and intense competition from organized and unorganized players in the industry. The ability of the firm to scale up its operations, to improve its profit margins while managing its capital structure in an intensely competitive industry will remain the key rating sensitivities.



### Rating Outlook: Stable

BWR believes that the business risk profile of Shri Siddarth Industries 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 Firm

Shri Siddarth Industries is a proprietary concern which was established in 2002. The firm has its head office at Bhilai, Chhattisgarh and a branch office at Mumbai, Maharashtra. Mr. Sanjay Kumar Jain is the proprietor of the firm. The firm is into iron and steel trading business. The firm procures steel (Ingots, Plates, Sheets, Angles, etc.) from Bhilai Steel Plant and Rourkela Steel Plant. The firm supplies these materials to engineering units, construction companies, contractors and dealers throughout the country.

### Firm's Financial Performance

Net Sales of the firm has increased from ₹ 132.37 Cr in FY15 to ₹ 165.01 Cr in FY16. The firm has reported operating profit margin of 3.51% and net profit margin of 1.94% in FY16 as against operating profit margin of 2.58% and net profit margin of 0.66% in FY15. Tangible Net Worth of the firm stood at ₹ 8.84 Cr as on March 31, 2016.

On provisional basis, the firm has achieved sales of ₹ 262.14 Cr in FY17.

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

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2016	Oct 27, 2015	2014
1	Cash Credit	Long Term	14.00	<b>BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable</b>	Not Reviewed	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	-
2	Letter of Credit (LC)	Short Term	14.00	<b>BWR A4+ (Pronounced as BWR A Four Plus)</b>	Not Reviewed	BWR A4+ (Pronounced as BWR A Four Plus)	-
	Bank Guarantee (Sub-limit of LC)	Short Term	(5.00)				
<b>Total</b>			<b>Rs. 28.00 Crores ( Rupees Twenty Eight Crores Only)</b>				



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

### DISCLAIMER

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