

Rating Rationale

Singla Industries

26th October, 2017

Brickwork Ratings assigns rating for the bank loan facilities of Singla Industries

Particulars

| Facility Rated | Current Review Amount (Rs. Crs) | Tenure | Assigned rating |
|---|--|------------------|---|
| Fund Based Term Loan Cash Credit Limit CC (SLC) | 2.39 8.00 0.75 | Long Term | BWR B+ (Pronounced as BWR single B Plus) Outlook : Stable |
| Total | Rs 11.14 Crores (INR Eleven Crores Fourteen Lakhs Only) | | |

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

In assigning the rating of Singla Industries (SI or 'the firm'), engaged in the manufacturing of rice with its unit located at Sirsa, Haryana, BWR has factored in the small scale of operations, low net profit margins, high overall gearing and low capital base. However BWR draws comfort from comfortable debt service indicators, low days receivables and days payable.

Credit Weaknesses:

1. The firm has small scale of operations with revenues of Rs 38.91 Cr in FY17. FY17 was the first year of commercial operations for the firm.
2. Low equity base of Rs. 1.98 crores in FY17.
3. low net profit margins at 0.09% in FY17.
4. High overall gearing (TOL/TNW ratio) has been observed in FY17 at 3.04x in FY17.

Credit Strengths:

1. Comfortable debt service indicators with interest service coverage ratio (ISCR) of 3.00x and debt service coverage ratio (DSCR) of 3.00x in FY17.
2. Satisfactory liquidity position with current ratio of 1.43x in FY17.
3. Low days receivables of 11 days and days payable at 18 days in FY17.

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Rating Outlook: Stable

BWR believes the *Singla Industries.*' 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.

Analytical Approach:

BWR has factored into standalone business and financial risk profile of the firm to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

About the Company

Singla Industries was established in the year 2016. The Firm is engaged in the manufacturing of rice, and has its plant at Sirsa Haryana. The Firm is managed by Partners, Mr. Vipin Singla, Mrs. Manju Singla and Mrs. Anu Singla.

Company Financial Performance

Total operating income (TOI) was Rs. 38.91 Cr. in FY17, with PAT of Rs.0.04 Cr.

Key Financial Ratios

| | FY16 | FY17 |
|---------------------------|-------------|-------------|
| Net Sales/Revenues | Rs 0.00 Cr | Rs 26.89 Cr |
| EBIDTA | Rs 0.00 Cr | Rs 1.78 Cr |
| PAT | Rs 0.00 Cr | Rs 0.18 Cr |
| Tangible Networth | Rs 0.00 Cr | Rs. 5.19 Cr |
| Total Debt : TNW | 0.00 times | 2.51 times |
| Current Ratio | 0.00 times | 1.33 times |

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

| S.No. | Instrument/ Facility | Current Rating (Year 2017) | | | Rating History | |
|-------|-------------------------|----------------------------|---|-----------------------------------|----------------|------|
| | | Type | Amount (Rs Crs) | Rating | 2016 | 2015 |
| 1. | Term Loan | Long Term | 2.39 | BWR B+ Outlook : Stable | NA | NA |
| | Cash Credit Limit | | 8.00 | | | |
| | CC (SLC) | | 0.75 | | | |
| | | Total | Rs 11.14Crores (INR Eleven Crores Fourteen Lakhs Only) | | | |

Status of non-cooperation with previous CRA (if applicable) – NA

Any other information – NIL

Hyperlink/Reference to applicable Criteria

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

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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

26th October, 2017



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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.

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