

Press Release

SHIVANI LOCKS PRIVATE LIMITED

February 02, 2018

Rating Reaffirmed



| | |
|------------------------------|---------------------------|
| Total Bank Facilities Rated* | Rs. 45.00 Cr. |
| Long Term Rating | SMERA B / Outlook: Stable |
| Short Term Rating | SMERA A4 |

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B' (read as SMERA B)** and short term rating of '**SMERA A4' (read as SMERA A four)** on the Rs. 45.00 crore bank facilities of SHIVANI LOCKS PRIVATE LIMITED. The outlook is '**Stable**'.

SLPL, incorporated in 1988, is a Delhi-based company promoted by Mr.Naresh Kathuriya and Mr. Raj Kathuria. The company is engaged in the manufacturing of automotive locking systems and has a reputed clientele. The manufacturing facility is located at Faridabad.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced managment**

SLPL was incorporated in 1988 by Mr. Naresh Kathuriya and Mr. Raj Kathuria. The promoters of the company have long experience of around three decades in the manufacturing of door latching. Thus the company's has established relations with the suppliers and manufacturers.

- **Reputed clientele**

The Company has reputed clientele, the clientele of the company include several reputed manufacturer like Tata, Mahindra, Honda etc.

Weaknesses

- **Exposed to cyclicity in the automobile industry**

The Company is exposed to the cyclicity in the automobile industry. The company's operating profit has correlation with performance of automobile industry.

- **Working capital intensive nature of business**

The Company's operations are working capital intensive marked by high debtors' days of 62 days and inventory days of 55 days. Further the creditor days stood at 213 days in FY2017.

- **Below average financial risk profile**

The company has below average financial risk profile marked by average networkth of Rs.10.01 as on 31 March 2017 as compared to Rs.5.60 crore as on 31 March 2016. The debt to equity ratio stood at 2.95 times as on 31 March 2017. The interest coverage ratio stood at 3.96 times for FY2017.

Analytical Approach

SMERA has considered standalone financial and business risk profile

Outlook: Stable

SMERA believes SLPL will maintain its moderate business risk profile in the medium term on the back of long experience of the promoters in the industry. The outlook may be revised to 'Positive' in case of improvement

in the Return on Assets and expansion of the topline or efficient collection management resulting decrease in debtors' holdings. Conversely, the outlook may be revised to 'Negative' in case of deterioration in Financial Profile.

About the Rated Entity - Key Financials

| | Unit | FY17 (Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 136.23 | 134.47 | 133.38 |
| EBITDA | Rs. Cr. | 0.42 | -2.22 | 2.27 |
| PAT | Rs. Cr. | 10.29 | -10.72 | -5.77 |
| EBITDA Margin | (%) | 0.31 | -1.65 | 1.70 |
| PAT Margin | (%) | 7.55 | -7.97 | -4.33 |
| ROCE | (%) | 45.05 | -14.48 | -1.78 |
| Total Debt/Tangible Net Worth | Times | 2.95 | -7.12 | 9.08 |
| PBDIT/Interest | Times | 3.96 | -0.22 | 0.59 |
| Total Debt/PBDIT | Times | 1.55 | -32.84 | 10.67 |
| Gross Current Assets (Days) | Days | 137 | 141 | 135 |

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|---------------------------------|------------|------------------|-------------------|
| 07-Nov-2016 | Term Loan | Long Term | INR 8.33 | SMERA B / Stable |
| | Cash Credit | Long Term | INR 15 | SMERA B / Stable |
| | Letter of Credit | Short Term | INR 2 | SMERA A4 |
| | Proposed Long Term Loan | Long Term | INR 7.67 | SMERA B / Stable |
| 28-Aug-2015 | Term Loan | Long Term | INR 16 | SMERA B+ / Stable |
| | Cash Credit | Long Term | INR 15 | SMERA B+ / Stable |
| | Letter of Credit | Short Term | INR 2 | SMERA A4 |

*Annexure - Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|------------------------|------------------|-------------|---------------|-----------------------------|-----------------|
|------------------------|------------------|-------------|---------------|-----------------------------|-----------------|

| | | | | | |
|------------------|----------------|----------------|----------------|-------|------------------|
| Term loans | Not Applicable | Not Applicable | Not Applicable | 2.50 | SMERA B / Stable |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 15.00 | SMERA B / Stable |
| Letter of credit | Not Applicable | Not Applicable | Not Applicable | 1.00 | SMERA A4 |
| Proposed | Not Applicable | Not Applicable | Not Applicable | 26.50 | SMERA B / Stable |

Contacts

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ABOUT SMERA

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