

### Brick and Byte Innovative Products Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	7.75	SMERA B/Stable (Assigned)
Term Loan	1.58	SMERA B/Stable (Assigned)
Bank Guarantee	2.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.11.33 crore bank facilities of Brick and Byte Innovative Products Private Limited (Brick and Byte). The outlook is '**Stable**'.

The ratings derive comfort from the experienced management, diversified business profile and reputed clientele. However, the ratings are constrained by the declining profit margins, working capital intensive operations and weak financial risk profile. The ratings also factor in the moderate scale of operations.

Brick and Byte, incorporated in 2003 is engaged in the manufacture of fabricated metal sheets, steel cabinets and metal furniture. It also trades in steel angles, channels and textile. Further, the company provides IT services and is also into renewable energy. The company benefits from its experienced management. It is headed by Mr. Prashant Kamat, Director who has more than three decades of experience in the same line of business. Brick and Byte caters to reputed clients like Honeywell, Emerson, Samsung, L&T technology services to name a few. The company has been dealing with Emerson since 2003.

The operating margin of the company has declined substantially from 16.74 per cent in FY2013-14 to 3.00 per cent in FY2014-15 resulting in cash losses of Rs.0.26 crore in FY2014-15. The financial risk profile is weak marked by declining tangible net worth on account of losses incurred and low coverage indicators. The interest coverage ratio stands at 0.51 times as on March 31, 2015. Brick and Byte operates on a moderate scale with revenues of Rs.17.31 crore for FY2014-15. The operations are working capital intensive with high working capital days of 134 for FY2014-15. The average bank limit utilisation for six months ended May 2016 is high at 100.04 per cent.

#### Rating Sensitivity Factors

- Efficient working capital management
- Improvement in operating margins while scaling up revenues

#### Outlook-Stable

SMERA believes Brick and Byte will maintain a stable outlook over the medium term owing to the extensive experience of the promoter. The outlook may be revised to 'Positive' in case of significant improvement in profitability, inventory turnover and working capital management. Conversely, the outlook may be revised to 'Negative' if the company registers significant decline in profitability as well as accruals and higher than expected debt funded working capital requirements.

#### Criteria applied to arrive at the ratings

- Manufacturing Entities

### About the Company

The Mumbai-based Brick and Byte, incorporated in 2003 is engaged in the manufacture of fabricated metal sheets, steel cabinets and metal furniture. It also trades in steel angles, channels and textile.

For FY2014-15, the company reported net loss of Rs.2.24 crore on operating income of Rs.17.31 crore as against net profit of Rs.0.46 crore on operating income of Rs.12.83 crore in FY2013-14.

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### ABOUT SMERA

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