

Brick and Byte Innovative Products Private Limited:Upgraded

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	7.75	SMERA B+/Stable (Upgraded from SMERA B/Stable)
Term Loan	1.58	SMERA B+/ Stable (Upgraded from SMERA B/Stable)
Bank Guarantee	2.00	SMERA A4 (Reaffirmed)

SMERA has upgraded the long term rating of Brick and Byte Innovative Products Private Limited (Brick & Byte) to **'SMERA B+' (read as SMERA B plus)** from 'SMERA B' (read as SMERA B) and reaffirmed the short term rating of **'SMERA A4' (read as SMERA A four)** on the above mentioned Rs.11.33 crore bank facilities. The outlook is **'Stable'**.

The rating upgrade is on account of improvement in profit margins and the financial risk profile. The ratings continue to derive comfort from the experienced management and reputed clientele. However, the ratings are constrained by the working capital intensive operations and moderate scale of business.

Update

Brick & Byte registered revenue of Rs.17.63 crore for FY2015-16 as against Rs.16.86 crore in FY2014-15. The operating profit margin improved significantly in FY2015-16 over the previous year. EBITDA margins improved to 19.16 percent in FY2015-16 from 0.33 per cent in FY2014-15 on account of reduction in raw material prices.

The financial risk profile improved in FY2015-16. The gearing stands at 1.10 times as on March 31, 2016 (0.90 times as on March 31, 2015). The coverage ratio improved from 0.51 times in FY2014-15 to 2.42 times in FY2015-16.

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 such as Honeywell, Emerson, Samsung, L&T Technology Services to name a few. The company has been dealing with Emerson since 2003.

The operations of the company are working capital intensive with high Gross Current Assets (GCA) days of 646 for FY2015-16 on account of high debtors and inventory days. The average bank limit utilisation for six months ended May 2016 is high at 100.04 per cent.

Rating Sensitivity Factors

- Timely conversion of stock in trade into sales
- Efficient working capital management

Outlook: Stable

SMERA believes that 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 FY2015-16, the company reported profit after tax (PAT) of Rs.0.35 crore on operating income of Rs.17.63 crore as against net loss of Rs.2.24 crore on operating income of Rs.16.86 crore in FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
21 August, 2016	Cash Credit	7.75	SMERA B (Assigned)	-	Stable
	Term Loan	1.58	SMERA B (Assigned)	-	Stable
	Bank Guarantee	2.00	-	SMERA A4 (Assigned)	-

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ABOUT SMERA

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