

Swadesh Green Infra Private Limited (SGIPL): Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit*	18.50	SMERA B+/Stable (Assigned)
Term Loan	1.88	SMERA B+/Stable (Assigned)
Bill Discounting*	1.12	SMERA A4 (Assigned)
Bank Guarantee	1.00	SMERA A4 (Assigned)

**fully interchangeable with documentary demand-cum-usage bills purchase/discounting limit under Letter of credit percent utilization allowed during peak season (from January to June) to the extent of Rs.18.50 crore and non peak season (from July to December) to the extent of Rs.17.00 crore*

SMERA has assigned a long-term rating of **'SMERA B+' (read as SMERA B plus)** and a short-term rating of **'SMERA A4' (read as SMERA A four)** to the abovementioned bank facilities of Swadesh Green Infra Private Limited (SGIPL). The outlook is **'Stable'**. SMERA has taken into consideration the audited financials of Lakshmi Agro Industries (LAI), a proprietorship concern which Swadesh Green Infra Private Limited (SGIPL) took over in FY2015-16. The ratings are constrained by the company's average financial profile marked by high gearing (debt-equity ratio), low interest coverage ratio and low net profit margin. The ratings are also constrained by the company's exposure to intense competition in the steel industry. However, the ratings draw comfort from the experienced management and modest operating income.

SGIPL, established in 2015, is a New Delhi-based company engaged in the fabrication and trading of steel products. The average financial profile is reflected in the high gearing of 2.24 times as on March 31, 2016 and low interest coverage ratio of 1.15 times in FY2015-16 (refers to financial year, April 01 to March 31). The company's net profit margin is low at 0.21 per cent in FY2015-16. SGIPL operates in an intensely competitive segment of the steel industry.

However, SGIPL benefits from its experienced management. The promoter, Mr. Ravi Gupta, has around two decades of experience in the steel industry.

Outlook: Stable

SMERA believes SGIPL will maintain a stable outlook over the medium term owing to its established operations and experienced management. The outlook may be revised to 'Positive' if the company registers sustained improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in profitability and financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Large debt funded capex plan

Criteria applied to arrive at the ratings:

- Trading Entities

About the Company

SGIPL, incorporated in 2015, took over the business of the New Delhi-based Lakshmi Agro Industries (LAI). SGIPL is engaged in the fabrication and trading of steel products such as tanks, TMT bars and pipes.

For FY2015–16, SGIPL reported profit after tax (PAT) of Rs.0.28 crore on operating income of Rs.132.29 crore, as compared with PAT of Rs.0.31 crore on operating income of Rs.171.81 crore for FY2014-15. The net worth of the company stood at Rs.10.11 crore (includes unsecured loans of Rs.3.10 crore) as on March 31, 2016, as compared with Rs.8.35 crore (includes unsecured loan of Rs. 5.31 crore) a year earlier.

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ABOUT SMERA

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