

Press Release

Symcom Exim Private Limited

30 April, 2018



Rating Reaffirmed & Withdrawn

Total Bank Facilities Rated*	Rs. 65.00 Cr.
Long Term Rating	SMERA BB/ Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA BB**' (read as SMERA double B) on the Rs. 65.00 crore bank facilities of Symcom Exim Private Limited. The outlook is '**Stable**'. Further, SMERA has withdrawn the short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the Rs. 55.00 crore bank facilities of Symcom Exim Private Limited

Symcom Exim Private Limited (SEPL), incorporated in 2012 by Mr. Gopal Goyal is engaged in the business of scrap (steel and iron bars, cables, iron & steel sheets, ferrous and non-ferrous scrap etc.). SC is part of the Symcom Group engaged in a similar business.

Analytical approach:

SMERA has taken a consolidated view of the business and financial risk profiles of Symcom Communication, Symcom Exim Private Limited and Symcom Impex Private Limited together referred to as the 'Symcom Group' (SG). The consolidation is in view of the similarities in the lines of business, operational and financial synergies and common management.

Key rating drivers

Strengths

Established track record of operations and experienced management

The group is engaged in the disposal of scrap procured from sick industrial units, since 2005. The company is promoted by Mr. Gopal Goyal and Mr. Suresh Jasiwal who possess experience of more than a decade in the industry.

Moderate order book position

The group currently has order book of Rs. 64.00 crore and the same is expected to be executed by June, 2018. This is expected to provide revenue visibility over the medium term.

Weaknesses

Average financial risk profile

The company has average financial risk profile marked by moderate net worth of Rs.38.69 crore as on 31 March, 2017 compared to Rs.39.98 crore as on 31 March, 2016. The networth includes unsecured loans of Rs.15.56 crore as the same are subordinated to bank debt. The gearing stood at 2.31 times as on 31 March, 2017 as against 1.71 times as on 31 March, 2016. The total debt of

Rs.89.35 crore comprises term loan of Rs.0.06 crore from the bank, working capital loan of Rs.81.03 crore and unsecured loan of Rs.8.26 crore as on 31 March, 2017. The Interest Coverage Ratio stood at 1.17 times in FY2016 and FY2017. The Debt Service Coverage Ratio stood at 1.18 times in FY2017 as against 1.14 times in previous year. The net cash accruals stood at Rs.1.46 crore as against repayment obligation of Rs.0.06 crore in FY2017.

Working capital intensive operations and stretched liquidity

The operations are working capital intensive evident from the Gross Current Asset (GCA) days of 269 in FY2017 and 299 in FY2016. This is mainly on account of high inventory holding period of 142 days in FY2017 and 160 days in FY2016. Further, the company has stretched liquidity profile as the average cash credit limit utilisation stood at 92.77 percent for the last six months ended February, 2018.

Competitive and fragmented industry

The group operates in a highly competitive and fragmented industry characterised by a large number of unorganised players affecting margins.

Outlook – Stable

SMERA believes that SEPL will maintain a 'Stable' outlook over the medium term on the back of its experienced promoters. The outlook may be revised to 'Positive' in case of improvement in financial risk profile, coverage indicators and apt working capital management. Conversely, the outlook may be revised to 'Negative' in case of stretch in working capital management and deterioration in the capital structure.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	199.37	180.53	160.56
EBITDA	Rs. Cr.	11.90	13.95	11.69
PAT	Rs. Cr.	1.39	1.59	1.54
EBITDA Margin	(%)	5.97	7.73	7.28
PAT Margin	(%)	0.70	0.88	0.96
ROCE	(%)	12.19	13.10	20.93
Total Debt/Tangible Net Worth	Times	2.31	1.71	2.47
PBDIT/Interest	Times	1.17	1.17	1.18
Total Debt/PBDIT	Times	6.17	4.50	6.73
Gross Current Assets (Days)	Days	269	299	467

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

None

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.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)

Not Applicable

Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA BB/ Stable (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	55.00*	SMERA BB/ Stable (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	55.00	SMERA A4+ (Withdrawn)

*includes interchangeability of letter of credit to the extent of Rs. 55.00 crore.

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ABOUT SMERA

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