

Press Release

Saisons Trade and Industry Private Limited

December 23, 2019

Rating Downgraded



| | |
|-------------------------------------|---------------------------|
| Total Bank Facilities Rated* | Rs. 97.00 Cr. |
| Long Term Rating | ACUITE C (Downgraded) |
| Short Term Rating | ACUITE A4 (Downgraded) |

* Refer Annexure for details

Rating Rationale

Acuite has downgraded the long term rating of “**ACUITE BB+**” (read as **ACUITE double B plus**) to “**ACUITE C**” (read as **ACUITE C**) and the short term rating of “**ACUITE A4+**”(read as **ACUITE A four plus**) to “**ACUITE A4**” (read as **ACUITE A four**) on the Rs.97.00 crore bank facilities of Saisons Trade & Industry Private Limited.

Acuite has relied on publicly available information with regards to the account conduct.

The Mumbai based, Saisons Trade & Industry Private Limited (erstwhile Saisons Technocom Private Limited) was incorporated in 1999 and is promoted by Mr. Siddharth Shah. Over the years, STIPL has diversified its product range which includes manufacturing of electrical and engineering products such as electrical panels, fire protection systems & accessories, wire harness, accessories for telecom equipment along with fabrication. STIPL has its manufacturing facilities at Bhiwandi (Maharashtra).

Analytical Approach

Acuite has considered standalone financial and business risk profile of STIPL to arrive at the rating.

Key Rating Drivers

Strengths

• Established track record of operations

STIPL commenced its operations in 1999 as a manufacturer and supplier of telecom related products and TV panels for Onida. The company diversified its product range and is now engaged in manufacturing of various electrical and engineering products, in line with changing and upcoming trends. The diversified product range has aided in catering to a wider range of end user industry.

The company's business risk profile is supported by strong track record and expertise of Mr. Siddharth Shah, Promoter and Managing Director in the business segment.

Weaknesses

• Delay in servicing of debt obligations

Acuite has relied upon the information available on public domain according to which the company has recorded a delay in the interest payments on its debentures.

• Customer concentration risk

The company faces high customer concentration risk with 82 percent of the revenues generated from 10 customers. Its major customers such as EMC Limited, EMI Transmission Limited and Larsen & Toubro Limited accounted for about 49 percent of its sales in FY2018. Other clients include Rolta India Limited, Omkar Speciality Chemicals limited, Trimax IT Infrastructure & Services Limited among others. Acuite believes that the high customer concentration renders the revenue growth and profitability susceptible to the growth plans, procurement and credit policies of its key customers.

Rating Sensitivities:

- Timely servicing of interest obligations.
- Stretch in working capital cycle leading to increased reliance on working capital borrowings

About the Rated Entity - Key Financials

| | Unit | FY19 (Provisional) | FY18 (Actual) |
|-------------------------------|---------|--------------------|---------------|
| Operating Income | Rs. Cr. | 64.19 | 81.03 |
| PAT | Rs. Cr. | 1.65 | 1.29 |
| PAT Margin | (%) | 2.56 | 1.60 |
| Total Debt/Tangible Net Worth | Times | 0.46 | 0.57 |
| PBDIT/Interest | Times | 2.20 | 2.41 |

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

None

Any other information

None

Material Covenants

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|---------------------------------|------------|--------------------------------------|-----------------------------------|
| 04-Dec-2018 | Cash Credit | Long Term | 30.00 (Revised from Rs. 25.00 Cr) | ACUITE BB+/Stable (Reaffirmed) |
| | Cash Credit | Long Term | 5.00 | ACUITE BB+/Stable (Assigned) |
| | Cash Credit | Long Term | 15.00 | ACUITE BB+/Stable (Assigned) |
| | Cash Credit | Long Term | 2.00 | ACUITE BB+/Stable (Assigned) |
| | Cash Credit | Long Term | 10.00 | ACUITE BB+/Stable (Assigned) |
| | Letter of Credit | Short Term | 15.00 | ACUITE A4+ (Assigned) |
| | Letter of Credit | Short Term | 3.00 | ACUITE A4+ (Assigned) |
| | Letter of Credit | Short Term | 5.00 | ACUITE A4+ (Assigned) |
| | Factoring | Short Term | 12.00 | ACUITE A4+ (Assigned) |
| 16-Nov-18 | Cash Credit | Long Term | 25.00 | ACUITE BB+/Stable (Assigned) |

***Annexure – Details of instruments rated**

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings |
|------------------------|------------------|----------------|----------------|-----------------------------|------------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 30.00 | ACUITE C (Downgraded) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 5.00 | ACUITE C (Downgraded) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 15.00 | ACUITE C (Downgraded) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 2.00 | ACUITE C (Downgraded) |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 10.00 | ACUITE C (Downgraded) |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 15.00 | ACUITE A4 (Downgraded) |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 3.00 | ACUITE A4 (Downgraded) |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 5.00 | ACUITE A4 (Downgraded) |
| Factoring | Not Applicable | Not Applicable | Not Applicable | 12.00 | ACUITE A4 (Downgraded) |

Contacts

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About Acuite Ratings & Research:

Acuite Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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