Press Release

Sanjvik Terminals Pvt. Ltd.

April 25, 2018

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned
1	Long Term Debt- Term Loan	30.00 (incl. proposed limits of Rs.1.98 crore)	IVR A-/ Stable Outlook (IVR Single A Minus with Stable Outlook)

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned derive strength from the experienced promoters and management team, presence of a reputed shareholder along with comfortable capital structure and debt protection metrics. The rating further derives comfort from satisfactory profitability, diversified business profile offering operational synergies, and established supplier base.

The ratings, however, are tempered by customer and geographical concentration, foreign exchange fluctuation risk, intense competition of the metal trading industry and susceptibility of the ICD business.

Maintaining profitability and leverage along with efficient management of working capital are the key rating sensitivities.

List of Key Rating Drivers

- *Experienced promoter and management team*
- *Presence of reputed shareholder*
- *Improvement in gearing and debt protection matrics.*
- *Satisfactory profit level*
- *Diversified business profile offering operational synergy*
- *Established and moderately-diversified supplier base*
- *Concentrated customer base*
- *Country-concentration risk*
- *Foreign exchange fluctuation risk*

- *Intense competition of the metal trading industry and susceptibility of ICD business*

Detailed Description of Key Rating Drivers

Key Rating Strengths:

Experienced promoter and management team

Mr. Piyoosh Goyal, promoter of the group, has a long experience of over two decades in metal and metal scrap trading. Mr.Goyal has also expanded the business by foraying into logistics and transportation. Besides, the group is also backed by experienced management personnel for its operation.

Presence of reputed shareholder

The flagship company of the group (WWIIPL), has been enjoying the presence of a reputed international investor since 1996-97. M/s International Metal and Steel BV (IMSBV), Holland, a wholly-owned subsidiary of European Metal Recycling Company (EMR), has 49% shareholding in WWIIPL. One of the world's largest metal recycler, EMR is rated 5A1 by D&B (Dun & Bradstreet) depicting minimum risk of business failure. This strategic investment was planned by EMR group to establish a presence in the Asian market.

Improvement in gearing and debt protection matrics

The overall gearing position of the group, on combined basis, improved over the last three years. From 1.06x as on March 31, 2015, overall gearing ratio of the group improved to 0.87x as on March 31, 2016 and further improved to 0.75x as on March 31, 2017. Both overall gearing and long term debt equity ratio (0.25x as on March 31, 2017) became comfortable particularly in the context of major part of group operation being trading. Moreover, the interest coverage ratio of the group also improved to 1.84x in FY17 from 1.73x in FY16.

Satisfactory profit level

Though the group reported a decline in the turnover in FY17, the PAT level improved over the same period. The combined level of PAT increased from Rs.67.88 crore in

FY15 to Rs.78.71 crore in FY16 and further rose to Rs.81.40 crore in FY17. Besides, the group also witnessed improvement in PAT margin over the last three years.

Diversified business profile offering operational synergy

The group has a long-presence in trading of metal, metal scrap and coal trading. Initially started as metal scrap trading, the group gradually entered into various allied business operations/services, such as transportation, logistics, freight forwarding, etc. which offer operating synergies to the group. However, currently captive consumption of these allied business operations is marginal (due to cost advantages) and are majorly catering to external entities.

Established and moderately-diversified supplier base

Worlds Window group has an established and diversified supplier base, with top five suppliers, on a consolidated level, accounting for around 33% of total raw material cost/purchase of stock in trade in FY17. Further the group has long standing relationships with its customers and suppliers, which enables the group to manage its cash conversion cycle in an efficient manner.

Key Weaknesses:

Concentrated Clientele

The top 5 customers contributed around 47% of the total revenue in FY17 for the group, reflecting customer concentration for the group. Further, top 3 customers accounted for almost 40% of the total revenues for the group.

Country-concentration risk

In FY17, the group generated over 50% of its revenues from exports. With more than 30% of exports to China during the year, the group is exposed to country-concentration risk as any downturn to the China’s economy would have negative repercussions on the group’s entire operational parameters.

Foreign exchange fluctuation risk

The company being in the business of international trade, it is exposed to the risk of foreign exchange fluctuation. However, most (80-85%) of its forex exposure is managed through natural hedge. The remaining forex exposure is hedged through derivative products as per the company's risk management policy.

Intense competition of the metal trading industry and susceptibility of ICD business

The metal trading industry is highly competitive with presence of organised and many small unorganised players resulting in lower margin (less than two percent). Also, ICD (inland container depot) business being mainly dependent on the global economy, any downturn in major economies would have negative impact on the ICD business.

Analytical Approach: We have taken a combined approach for Worlds Window Impex India Pvt Ltd (WWIIPL, Consolidated) along with its 3 other group entities (Maple Logistics Pvt Ltd, Maple ODC Movers Pvt Ltd, Magnifico Minerals PvtLtd.) on account of the common promoters and the high level of financial, operational and managerial integration existing within the group.

Applicable criteria

Rating Methodology for Trading Companies

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

<u>About the Company</u>

Sanjvik Terminals Pvt. Ltd. (STPL) is part of the Worlds Window Group. It is an ICD located at Bawal, Haryana on an area of 20 acres. The Worlds Window group is well diversified with a presence in the trading, manufacturing and the logistics/infrastructure segment. The group has its presence in more than 25 geographies comprising UK, USA, Europe, China, South Africa, Bahrain, Kuwait, Ghana etc.

Today, the group is in the business of international trading of metal and metal scrap, coal and other commodities, owning & managing inland container depots, logistics solutions, manufacturing of aluminium composite panels and freight forwarding with WWIIPL being the flagship company. Mr. Piyoosh Goyal, a first generation entrepreneur and promoter of the group, laid the foundation of the group in the year 1993 by entering into the business of import and trading of ferrous and non-ferrous metals through a proprietorship firm "Worlds Window" which is today known as "Worlds Window Impex India Private Limited".

Financials (Combined Basis)

(Rs. Crores)

For the year ended / As On	*31-03-2016	*31-03-2017
Total Operating Income	7361.50	7193.60
EBITDA	280.30	242.87
PAT	78.71	81.40
Total Debt	767.15	747.42
TangibleNetworth	883.34	994.23
EBITDA Margin (%)	3.81	3.37
PAT Margin (%)	1.07	1.13
Overall Gearing Ratio (x)	0.87	0.75

Classification as per Infomerics' standards
*The company has provided us with the combined financials derived out of the audited financials of WWIIPL (Consolidated) along with its other 3 group entities.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Debt- Term Loan	Long Term	30.00 (incl. proposed limits of Rs.1.98 crore)	IVR A-/ Stable Outlook	--	--	--

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Analyst:

Name: Shri. Karan S. Punjabi

Tel: (022) 40036966

Email: kspunjabi@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Debt-Term Loan	NA	NA	June, 2024	28.02	IVR A-/ Stable Outlook
Long Term Debt-Proposed Term Loan	NA	NA	NA	Rs.1.98	IVR A-/ Stable Outlook