

Sainest Tubes Private Limited

Instrument	Amount Rated	Rating Action
Cash Credit Facility	Rs. 20.00 crore	Reaffirmed at [ICRA]BB (Stable)
Term Loans	Rs. 1.82 crore	Reaffirmed at [ICRA]BB (Stable)
Bank Guarantee	Rs. 2.00 crore	Reaffirmed at [ICRA]A4
Letter of Credit	Rs. 24.00 crore	Reaffirmed at [ICRA]A4
Forward Cover	Rs. 1.54 crore	Reaffirmed at [ICRA]A4

The long term rating of [ICRA]BB (pronounced ICRA double B) has been reaffirmed to the Rs. 21.82 crore¹ long term fund based facilities of Sainest Tubes Private Limited (STPL). The short term rating of [ICRA]A4 (pronounced as ICRA A four) has also been reaffirmed to the Rs. 27.54 crore short term non fund based facilities of STPL². The outlook on the long term rating is 'Stable'.

The reaffirmation of the ratings take into account the relatively modest scale of operations of the company, with expected de-growth for FY 16, which limits the economies of scale and its ability to withstand competition from other large players; coupled with its financial risk profile which is characterized by high gearing and modest debt coverage indicators. The ratings also factor in the vulnerability of the company's profitability to the cyclicity inherent in the oil and gas sector, which is the key consuming sector for the company's products. The ratings continue to factor in the vulnerability of profitability and cash flows to adverse fluctuations in raw material prices as well as foreign exchange risks, given the company's high reliance on imports to meet its raw material requirements which also results in high inventory holding period.

The reaffirmation of the ratings, however continue to favourably factor in the experience of the promoters and track record of the company in steel tube industry and its established and reputed clientele base which results in limited counter party credit risk.

Company Profile

Sainest Tubes Private Limited (STPL) was incorporated in December 1988 and commenced commercial production of Precision Seamless Carbon Steel Tubes and Pipes in 1993. These tubes are manufactured from mother tubes and find applications in various oil refineries, petrochemical industries, heat exchangers and automobile ancillaries. The company has its production facility located at Chatral, near Ahmedabad. The company is an ISO 9001: 2000 certified company and has products certification/approvals by various agencies like Lloyd's Register, Bureau VERITAS, Engineers India Limited, Indian Boiler Registrations and many others.

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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

¹ 100 lakhs = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500