

Remi Sales & Engineering Limited

March 22, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	-	-	Reaffirmed at CARE BBB-; Stable (Triple B Minus; Outlook: Stable) and Withdrawn
Short term Bank Facilities	-	-	Reaffirmed at CARE A3 (A Three) and Withdrawn
Total	-		

Details of facilities as per Annexure-1

Detailed Rationale and Key Rating Drivers

CARE has reaffirmed the ratings assigned to the bank facilities of Remi Sales & Engineering Limited (RSEL) to CARE BBB-; Stable/A3 and has simultaneously withdrawn it, with immediate effect. The ratings consider the experience of promoters and management, diverse product portfolio, presence of wide distribution network across India along with comfortable financial risk profile. These rating strengths are mitigated by dependence on group companies and small scale of operations. The rating withdrawal is at the request of RSEL and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters and management team

RSEL is a part of Remi group, which was founded in the year 1960 by late Mr. C.K. Saraf. The group is currently led by founder's two sons, Mr. V. C. Saraf and Mr. R. C. Saraf. RSEL was incorporated in the year 1980 by the promoters with a view of having a dedicated marketing setup for products manufactured by the group companies.

Wide distribution network across India with low customer concentration

RSEL has a wide distribution network consisting of 12 branches, about 50 distributors and over 1000 dealers across India. The company has presence in all major cities including Ahmedabad, Mumbai, Bengaluru, Kolkata, Chennai, Goa, New Delhi, Hyderabad, Indore, Nagpur, Kanpur, Vijaywada and Kochi.

Comfortable financial risk profile

The company's financial risk profile continues to remain comfortable. The company does not have any long-term debt. Overall gearing of the company is also comfortable at 0.12x as on March 31, 2020 as compared to 0.04x as on March 30, 2019. PBILDT interest coverage ratio remains comfortable at 33.34x for FY20.

Key Rating Weakness

High dependence on group companies

RSEL is the marketing arm of Remi group and looks after sales and distribution of products produced by the other group companies. Company buys majority of its products from group companies. In FY19, approximately 65% of its products purchase is from its group companies, thereby making RSEL's business highly dependent on group companies.

Small scale of operations

Despite being into business for more than three decades, company's level of operations continues to remain small. RSEL registered total operating income of Rs.140.08 crore in FY20. Average growth in operating income for the past three years is only around 6%. And with no plans of capex, company's operations are expected to remain at same level.

Analytical approach: Standalone

Applicable Criteria

[Policy on Withdrawal of ratings](#)
[Criteria on assigning Outlook to Credit Rating](#)
[Criteria for Short Term Instruments](#)
[CARE's default recognition policy](#)

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

[Financial ratios - Non Financial Sector](#)
[Rating Methodology- Manufacturing companies](#)
About the company

Remi Sales and Engineering Ltd (RSEL) is a part of Remi group which was founded by the late Mr. C. K. Saraf. Currently, the group is headed by his sons Mr. V. C. Saraf and Mr. R.C. Saraf. RESL was incorporated in the year 1980 as Balaji Sales and Engineering Limited with a view of having a dedicated marketing setup for the products manufactured by group companies. The name of the company was changed to Remi Sales and Engineering Limited in 1983. RSEL is engaged in the trading of electric motors, electric fans, laboratory instruments and blood bank equipment manufactured by group companies. RSEL also has installed a windmill of 0.75 MW at Dhule District, Maharashtra. The Power generated is sold to Maharashtra State Electricity Distribution Co. Ltd.

Brief Financials (Rs. crore)	FY19(A)	FY20(A)
Total operating income	139.67	140.08
PBILDT	7.53	6.66
PAT	5.42	4.78
Overall gearing (times)	0.05	0.12
Interest coverage (times)	53.71	33.34

A: Audited

Status of non-cooperation with previous CRA:

Any other information: Not Applicable

Rating History: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC	-	-	-	0.00	Withdrawn

Annexure-2: Past Rating History

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BBB-; Stable (24-Dec-19)	1)CARE BBB-; Stable (07-Jan-19)	1)CARE BBB-; Stable (05-Jan-18) 2)CARE BBB-; Stable (07-Apr-17)
2.	Non-fund-based - ST-BG/LC	ST	-	-	-	1)CARE A3 (24-Dec-19)	1)CARE A3 (07-Jan-19)	1)CARE A3 (05-Jan-18) 2)CARE A3 (07-Apr-17)

Annexure-3: Complexity Level of rated Instrument

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-BG/LC	Simple

Annexure-4: Detailed explanation of covenants of the rated instrument / facilities: NA

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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