
October 18, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF
SAI INDIA LTD.**

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	7.70	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	1.20	PR3 (PR Three)	Reaffirmed
Total Facilities	8.90		

Rating Rationale

The ratings continue to factor in the long track record of operations of SIL, its position as the sole manufacturer of radial-piston hydraulic motors in India, established nature of the brand and inherent strengths on being part of SAI Spa Italy, a known player in the world hydraulic motors market. The ratings are, however, constrained by the small scale of operations, sluggish end-market demand as indicated by fall in sales volume in FY10, contraction in margins, long working capital cycle and high average collection period resulting in high level of working capital utilisation.

Ability of the company to scale up operations and increase profitability on a sustainable basis are the key rating sensitivities.

Company Profile

SAI India Limited (SIL) was incorporated in 1989 with the objective of marketing various hydraulic products, more importantly for establishing the products of SAI s.p.a. Italy. SIL was promoted by SAI s.p.a (Italy), however, in 2003, Fin O Lim, an Italian company, acquired a majority stake (51%) in SIL from SAI spa.

The company markets hydraulic motors and Linde products (a type of hydraulic motor imported from Germany). Hydraulic motor constitute bulk of the sales (77% in FY10) while Linde product accounted for 18% of sales in FY10.

²Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

Net sales declined by 2% to Rs.18.1 cr in FY10 compared to FY09. PAT also marginally declined in FY10 as compared to FY09.

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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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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