



SMERA RATINGS LIMITED

Swissline Intertrade Private Limited (Swissline)

Rating Rationale

May 09, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA BB-/Stable (Reaffirmed)
Letter of Credit	23.50	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the Rs.10.00 crore (reduced from Rs.13.00 crore) long term bank facilities and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 23.50 crore (reduced from Rs. 30.00 crore) short term bank loan facilities of Swissline Intertrade Private Limited (RIPL). The outlook is '**Stable**'. The rating continues to be supported by the company's experienced management, widespread distribution network and moderate financial risk profile. However, the rating is constrained by the working capital intensive operations in a cyclical and fragmented steel and iron industry.

Update

SIPL's revenues increased to Rs.391.21 crore in FY2014-15 (refers to financial year, April 01 to March 31) from Rs.360.25 crore in FY2013-14 while the operating profit margin remains at ~1.50 per cent in FY2015.

The company's gearing (debt-equity ratio) deteriorated to 1.16 times as on March 31, 2015 from 0.89 times as on March 31, 2014. The interest coverage ratio improved to 1.51 times in FY2014-15 from 1.50 times in FY2013-14.

Outlook: Stable

SMERA believes SIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established association with customers and suppliers. The outlook may be revised to 'Positive' in case the company undertakes product diversification and registers larger-than-expected cash flows from operations. Conversely, the outlook may be revised to 'Negative' with significant deterioration in the financial risk profile on account of higher-than-expected borrowings for working capital requirements.

Rating Sensitivity factors

- Improvement in profitability margin
- Working capital management

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About the Company

SIPL, incorporated in 2006, is a Delhi-based company promoted and managed by Mr. Bimal Jain and Mr. Ramesh Jain. SIPL undertakes trading of flats and stainless steel sheets. The company also undertakes hot rolling of steel on job work basis.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email : antony.jose@smera.in Web: www.smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-11-4973 1312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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