



Press Release

Swissline Intertrade Private Limited

August 02, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 33.50 Cr.
Long Term Rating	SMERA BB- / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BB-**' (read as **SMERA BB minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 33.50 crore bank facilities of Swissline Intertrade Private Limited. The outlook is '**Stable**'.

Swissline Intertrade Private Limited (SIPL), incorporated in 2006, is a Delhi-based company promoted by Mr. Bimal Jain and Mr. Ramesh Jain. The company undertakes trading of stainless steel sheers and flats apart from undertaking hot rolling of sheets on job work basis.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters, Mr. Bimal Jain and Mr. Ramesh Jain have over three decades of experience in the steel business.

- **Efficient working capital management**

The efficient working capital management is marked by low Gross Current Asset days of 77 for FY2017 (Provisionals). The debtor days stood comfortable at 66 for FY2017 (Provisionals). Further, the bank limit utilisation has been 100 percent for the last three months.

- **Healthy scale of operations**

The company has healthy scale of operations with sales of ~Rs. 423.70 crore in FY2017 compared to Rs.409.86 crore in FY2016.

Weaknesses

- **Thin profitability**

The operating margins stood thin at 1.54 percent for FY2017 (Provisionals) as against 1.35 percent for FY2016 on account of the trading nature of business.

- **Moderate financial risk profile**

The financial risk profile is moderate marked by gearing of 1.17 times as on 31 March, 2017 (Provisionals) as against 1.08 times in the previous year. The total debt includes Long Term debt of Rs.19.50 crore and working capital facility of Rs.9.46 crore as on 31 March, 2017 (Provisionals). The company needs to generate adequate Net Cash Accruals to fund its debt obligations. The interest coverage ratio stood at 1.43 times for FY2017 (Provisionals) as compared to 1.32 times in FY2016. The DSCR stood at 1.32 times for FY2017 as against 1.23 times in FY2016. Further, SMERA believes that DSCR is expected to remain in the range of 1. The NCA/TD stood at 0.05 times for FY2017.

• Exposure to inherent cyclicity in the steel industry

The company is exposed to fluctuations in the prices of raw materials. As a result, the profitability margins are susceptible to input price fluctuation.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of the company to arrive at the rating.

Outlook: Stable

SMERA believes that the outlook of SIPL will continue to remain Stable over the medium term on account of its healthy revenue growth and experienced management. The outlook may be revised to 'Positive' if the new products fetch higher than expected revenue. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile on account of higher-than-expected borrowings for working capital requirements.

About the Rated Entity - Key Financials

For FY2015-16, SIPL reported profit after tax (PAT) of Rs.0.62 crore on operating income of Rs.409.86 crore, compared to PAT of Rs.1.15 crore on operating income of Rs.390.85 crore in FY2014-15. The net worth stood at Rs.25.63 crore as on 31 March, 2016 as against Rs.25.01 crore in the previous year.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

CRISIL vide press release dated April 10, 2015 suspended the rating assigned to the bank loan facilities of the company as the company had not provided necessary information required to maintain a valid rating.

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
09-May-2016	Cash Credit	Long Term	INR 10	SMERA BB- / Stable
	Letter of Credit	Short Term	INR 23.5	SMERA A4+
09-Feb-2015	Cash Credit	Long Term	INR 10	SMERA BB- / Stable
	Letter of Credit	Short Term	INR 23.5	SMERA A4+
	Proposed Cash Credit	Long Term	INR 3	SMERA BB- / Stable
	Proposed Letter of Credit	Short Term	INR 6.5	SMERA A4+

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA BB- / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	23.50	SMERA A4+

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ABOUT SMERA

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