



SMERA RATINGS LIMITED

Dharranee Roofing Plant Private Limited (DRPPL)

Rating Rationale

July 23, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.61	SMERA B+/Stable (upgraded from SMERA D)
Term Loan	4.27	SMERA B+/Stable (upgraded from SMERA D)
Term Loan	1.15	SMERA B+/Stable (upgraded from SMERA D)
Cash Credit	13.00	SMERA B+/Stable (upgraded from SMERA D)
Letter Of Credit	4.00	SMERA A4 (upgraded from SMERA D)
Bank Guarantee	0.27	SMERA A4 (upgraded from SMERA D)
Proposed Cash Credit	2.00	SMERA B+/Stable (upgraded from SMERA D)
Proposed Letter of Credit	2.50	SMERA A4 (upgraded from SMERA D)

SMERA has upgraded the long-term rating on Rs.27.80 crore bank facilities of Dharranee Roofing Plant Private Limited to **'SMERA B+/Stable' (read as SMERA B plus) and SMERA A4 (read as SMERA A four)** from SMERA D (read as SMERA D). SMERA has arrived at this rating after consolidating the business and financial risk profiles of Dharranee Roofing Plant Private Limited & Dharranee and Co. together referred to as the Dharranee Group. The consolidation is due to the common management, operational and financial synergies within the group. The outlook is **'Stable'**.

The upgrade reflects improved liquidity profile and timely servicing of debt. The rating also factors in robust revenue growth over the past three years. The ratings are supported by long standing presence and experience of the promoters in the trading and manufacturing of roofing sheet and moderate financial risk profile. However, the ratings are constrained by working capital intensive nature of operations and volatility in raw material prices.

Outlook: Stable

SMERA believes that Dharranee Group will continue to benefit over the medium term from its promoters' extensive experience in the manufacturing and trading of roofing sheet. The outlook may be revised to 'Positive' in case of significant and sustained increase in the firm's revenues and profitability margins, while improving its capital structure. Conversely, the outlook may be revised

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to 'Negative' if there is a significant decline in Dharranee's revenues or profitability margins, or if there is an elongation in its working capital cycle resulting in weakening of its financial risk profile.

About the Group

Dharranee Group is engaged in manufacturing and trading of steel and aluminium roofing sheets in Coimbatore.

For FY2014-15 (refers to financial year, April 01 to March 31), group reported profit after tax (PAT) of Rs.0.91 crore on operating income of Rs.81.09 crore (Provisional), as compared to a profit of Rs.0.61 crore on operating income of Rs.56.53 crore in FY2013-14. The group's net worth stood at Rs.15.65 crore as on March 31, 2015, as compared with Rs.13.43 crore a year earlier.

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