



SMERA RATINGS LIMITED

Sunvik Steels Private Limited (SSPL)

*Rating
Rationale***November 26, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	15.00	SMERA BBB/Stable (Assigned)
Cash Credit	38.50	SMERA BBB/Stable (Assigned)
Letter of Credit	10.00	SMERA A3+ (Assigned)
Bank Guarantee	3.00	SMERA A3+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BBB**' (read as **SMERA BBB**) and short term rating of '**SMERA A3+**' (read as **SMERA A three plus**) to the above mentioned bank facilities of Sunvik Steels Private Limited (SSPL). The outlook is '**Stable**'. The ratings draw support from the extensive experience of the promoters and the integrated nature of operations. The ratings also take into account the above average financial risk profile marked by healthy net worth and comfortable gearing. These rating strengths are partially offset by the susceptibility of the company's profitability to cyclicalities and intense competition in the steel industry.

Outlook: Stable

SMERA believes SSPL will continue to benefit over the medium term from its integrated operations and the promoters' extensive industry experience. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while achieving sustained improvement in profitability leading to improved business risk profile. The outlook may be revised to 'Negative' with lower-than-expected revenue and profit margins, or deterioration in the working capital management leading to deterioration in liquidity.

Rating Sensitivity Factors

- Scaling up of operations and maintaining healthy margin
- Future capex plan and funding pattern
- Efficient working capital management

About the Company:

SSPL was incorporated in 2003 by Mr. Vivek Kumar Kejriwal, Mr. Mahendra Kumar and Mr. Sandeep, the founding directors. The company derives its revenue from sale of sponge iron, MS billets and TMT bars.

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**Sunvik Steels Private Limited
(SSPL)****Rating
Rationale**

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.90 crore on operating income of Rs.347.78 crore as compared with PAT of Rs.1.03 crore on operating income of Rs.345.31 crore for FY2013-14.

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