

February 16, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	2.00	SMERA B/Stable (Assigned)
Cash Credit	13.00	SMERA B/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facilities of Ridhi Sidhi Iron Private Limited (RSIPL). The outlook is '**Stable**'.

The rating is constrained by the company's exposure to intense competition in the M.S. Billet manufacturing business and susceptibility of profit margins to the inherent cyclical nature in the industry. However, the rating derives comfort from the experienced management, average financial risk profile marked by moderate coverage indicators and low debt protection measures. The rating is also supported by the modest scale of operations and well established market presence.

Outlook: Stable

SMERA believes RSIPL will maintain a stable business risk profile in the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations
- Improvement in profitability

About the Company

RSIPL, established in 2005 as a private company by Mr. Birendra Roy and family is engaged in the manufacturing of M.S. Billet. It has an installed capacity of 250 MT per day. The administrative office and manufacturing facilities of the company are located at Dhanbad, Jharkhand.

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RSIPL reported profit after tax (PAT) of Rs.0.14 crore on operating income of Rs.86.29 crore for FY2014-15, as compared with PAT of Rs.0.28 crore on operating income of Rs.61.47 crore in FY2013-14.

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