



SMERA RATINGS LIMITED

Deora Wires N Machines Private Limited (Deora)

Rating Rationale

March 29, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA B-/Stable (Assigned)
Working Capital Demand Loan (WC DL)	4.59	SMERA B-/Stable (Assigned)
FITL	1.55	SMERA B-/Stable (Assigned)
Term Loan I	2.84	SMERA B-/Stable (Assigned)
Term Loan II	0.26	SMERA B-/Stable (Assigned)
Bank Guarantee	2.45	SMERA A4 (Assigned)

SMERA has assigned long-term rating of '**SMERA B-' (read as SMERA B minus)** and a short term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.14.69 crore bank facilities of Deora Wires N Machines Private Limited (Deora). The outlook is '**Stable**'. The ratings are constrained by the below average financial risk profile on account of losses incurred in FY2015, moderate scale of operations and stretched liquidity position. However, the ratings draw comfort from the experienced management and long track record of operations.

Rating Sensitivity Factors

- Improvement in the capital structure
- Effective working capital management
- Sustaining revenues while operating profitably
- Timely servicing of term loan obligations

Outlook: Stable

SMERA believes Deora will maintain a stable business risk profile over the medium term and continue to benefit from its established track record of operations. The outlook may be revised to 'Positive' if the company improves its capital structure while registering growth in revenue, improvement in profitability and manages its working capital cycle efficiently. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the capital structure or financial risk profile.

About the Company

Deora, incorporated in 1992 was promoted by Mr. Sanjay Deora and Mr. Sanket Deora. The company manufactures aluminium conductors at its facilities at Kalol, Gujarat.

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For FY2014–15, Deora reported net loss of Rs.4.82 crore on net sales of Rs.34.14 crore as compared with profit after tax of Rs.0.06 crore on net sales of Rs.33.36 crore in the previous year.

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