

Press Release

Deora Wires N Machines Private Limited

June 20, 2017



Rating Downgraded

Total Bank Facilities Rated*	Rs. 14.69 Cr.
Long Term Rating	SMERA D
Short Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has downgraded long-term rating of '**SMERA D**' (**read as SMERA D**) and short term rating of '**SMERA D**' (**read as SMERA D**) on the Rs. 14.69 crore bank facilities of Deora Wires N Machines Private Limited.

Deora Wires N Machines Private Limited (Deora Wires), incorporated in 1992 was promoted by Mr. Sanjay Deora and Mr. Sanket Deora. The company is engaged in the manufacture and sale of aluminum conductors at Kalol (Gujarat).

Key Rating Drivers

Strengths

- **Experienced management**

The promoters possess experience of more than two decades in the aluminium industry.

Weaknesses

- **Below average financial risk profile**

Deora Wires has below average financial risk profile with networth of Rs (1.73) crore as on 31 March, 2017 (Provisionals) as compared to Rs. (3.47) crore as on 31 March, 2016. The ICR stood at 2.06 times for FY2017 (Provisionals) as compared to 0.65 times for FY2016.

- **Delays in repayment of debts**

The rating reflects delays in servicing of debt obligations by the company.

- **Working capital intensive operations**

The operations are working capital intensive reflected in the high GCA days of 232 in FY2016 as against 331 in FY2015. The long receivables and inventory stood at 79 and 115 days respectively for FY2016.

Analytical Approach

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

Outlook:

About the Rated Entity - Key Financials

For FY2016, Deora Wires reported net loss of Rs.1.16 crore on operating income of Rs.33.48 crore compared to net loss of Rs.4.82 crore on operating income of Rs.34.14 crore in the previous year.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.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
29-Mar-2016	Cash Credit	Long Term	INR 3	SMERA B- / Stable
	Working Capital Demand Loan (WCDL)	Long Term	INR 4.59	SMERA B- / Stable
	FITL	Long Term	INR 1.55	SMERA B- / Stable
	Term Loan I	Long Term	INR 2.84	SMERA B- / Stable
	Term Loan II	Long Term	INR 0.26	SMERA B- / Stable
	Bank Guarantee	Short Term	INR 2.45	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	3.00	SMERA D
Working capital demand loan (WCDL)	Not Applicable	Not Applicable	Not Applicable	4.59	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	1.55	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	2.84	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	0.26	SMERA D
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.45	SMERA D

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Analytical

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