

**April 20, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	2.56	SMERA B+/Stable (Assigned)
Cash Credit	2.25	SMERA B+/Stable (Assigned)
Bank Guarantee	6.00	SMERA A4 (Assigned)
Letter of Credit	0.19	SMERA A4 (Assigned)

SMERA has assigned long-term rating of **'SMERA B+' (read as SMERA B plus)** and short-term rating of **'SMERA A4' (read as SMERA A four)** on the above mentioned bank facilities of SBIW Steels Private Limited (SBIW). The outlook is **'Stable'**. The ratings are constrained by exposure to customer concentration risk and moderate scale of operations. However, the ratings derive comfort from the experienced management and average financial risk profile marked by moderate net worth, comfortable gearing and healthy interest coverage indicators.

**Outlook: Stable**

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

**Rating Sensitivity Factors**

- Renewal of contract with Steel Authority of India (SAIL)
- Sustainability in operations and profitability
- Extent of capex and its funding mix

**About the Company**

SBIW was established in 2006 by Mr. Jagdish P Goel and family. The firm is engaged in the manufacturing of TMT Bars on job work basis for SAIL and has an installed capacity of 72,000 MT per annum. The manufacturing facilities are located at Durgapur, West Bengal.

SBIW reported profit after tax (PAT) of Rs.1.47 crore on operating income of Rs.20.30 crore for FY2014-15, as compared with PAT of Rs.1.36 crore on operating income of Rs.17.29 crore in FY2013-14.

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SMERA RATINGS LIMITED

## SBIW Steels Private Limited (SBIW)

*Rating  
Rationale*

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