

Press Release

DEEM ROLL-TECH LIMITED

March 08, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 41.48 Cr.
Long Term Rating	SMERA D
Short Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA D' (read as SMERA D)** and short term rating of '**SMERA D' (read as SMERA D)** on the Rs. 41.48 crore bank facilities of DEEM ROLL TECH LIMITED.

DRTL, incorporated in 2003, is Gujarat-based Company engaged in manufacturing of cast iron and steel rolls. DRTL is promoted by Mr. Jyoti Bhattacharya. The company was initially engaged in undertaking job-work for machining of steel rolls. In 2005, DRTL started manufacturing of cast iron and steel rolls. The company has manufacturing units in Ganeshpura (Gujarat) and Hoogly (West Bengal) with installed capacity of 6000 metric tonnes per annum (MTPA).

Key Rating Drivers

Strengths

- **Experienced Promoters**

The management of the company has experience in iron & steel industry for more than a decade.

- **Improvement in Operating Profit and Net profit after Tax**

DRTL has incurred operating profit of Rs. 7.27 crore and Profit after Tax(PAT) of Rs. 1.47 core crore in FY 2016-17 as against Operating Loss of Rs. 0.97 crore and Net Loss of Rs. 5.66 core crore in FY 2015-16

Weaknesses

- **Ongoing Delays in servicing interest payments of term loan for the period from December, 2017 to till date**

The rating reflects delays in servicing of debt obligations by the company as on January, 2018. There are ongoing delays of around 15-20 days in the interest and principal repayment with respect to Term Loan. Further, cash credit facilities are highly stretched with 100% utilization and its interest payment is also delayed by 15-20 days.

- **Working capital intensive nature of operations**

DRTL's operations are working capital intensive in nature marked by GCA of 309 days in FY2017 as against 368 days in FY2016 on account of high inventory period of 295 days in FY2017 as compared to 303 days in FY2016 and debtor days of 42 days in FY2017 against 44 days in FY2016. DRTL's creditor days also stood high at 155 days in FY2017 against 123 days in FY2016.

Analytical Approach

SMERA has considered standalone financials of the company

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
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Operating Income	Rs. Cr.	42.97	36.47	35.77
EBITDA	Rs. Cr.	7.27	0.97	3.05
PAT	Rs. Cr.	1.47	-5.66	-3.59
EBITDA Margin	(%)	16.91	2.66	8.53
PAT Margin	(%)	3.43	-15.52	-10.03
ROCE	(%)	13.64	-1.04	5.65
Total Debt/Tangible Net Worth	Times	4.03	5.66	3.31
PBDIT/Interest	Times	1.67	0.20	0.64
Total Debt/PBDIT	Times	4.18	34.98	11.02
Gross Current Assets (Days)	Days	309	368	392

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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
30-Dec-2016	Term Loan	Long Term	INR 6.87	SMERA D
	Letter of Credit	Short Term	INR 3.15	SMERA D
	Bank Guarantee	Short Term	INR 4	SMERA D
	Working Capital Term Loan	Long Term	INR 8.1	SMERA D
	Cash Credit	Long Term	INR 15	SMERA D
	Term Loan	Long Term	INR 4.36	SMERA D
10-Jun-2016	Working Capital Term Loan	Long Term	INR 8.1	SMERA D
	Cash Credit	Long Term	INR 15	SMERA D
	Term Loan	Long Term	INR 4.36	SMERA D
	Term Loan	Long Term	INR 6.87	SMERA D
	Letter of Credit	Short Term	INR 3.15	SMERA D
	Bank Guarantee	Short Term	INR 4	SMERA D

30-Mar-2015	Working Capital Term Loan	Long Term	INR 8.1	SMERA D
	Cash Credit	Long Term	INR 15	SMERA D
	Letter of Credit	Short Term	INR 3.15	SMERA D
	Bank Guarantee	Short Term	INR 4	SMERA D
	Term Loan	Long Term	INR 6.87	SMERA D
	Term Loan	Long Term	INR 4.36	SMERA D

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	3.62	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	5.60	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	2.44	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.20	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	3.25	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	1.26	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.30	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	0.66	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.50	SMERA D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	2.15	SMERA D
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA D
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA D

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