

January 07, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	5.50	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B**' (read as SMERA single B) to the Rs.5.50 crore long-term (fund based) bank facility of BM Electrotech Casting Private Limited (BM). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management, healthy revenue growth and established relations with suppliers and customers. However, the rating is constrained by the company's weak financial risk profile.

BM, incorporated in 2009, is a Delhi-based company engaged in trading of iron pipes and fittings. BM benefits from its experienced management. Mr. Lalit Agarwal and Mr. Vikas Agarwal, directors of BM, have around two decades of experience in the iron and steel industry. BM's revenues increased at a strong compound annual growth rate (CAGR) of ~94 per cent during FY2010-11 (refers to financial year, April 01 to March 31) to FY2013-14. The company has long-standing relations with customers and suppliers.

BM's weak financial risk profile is marked by leverage (total outside liabilities to total net worth ratio) of 12.35 times as on March 31, 2014 and interest coverage ratio of 1.15 times in FY2013-14.

Outlook: Stable

SMERA believes BM will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and long-standing relations with customers and suppliers. The outlook may be revised to 'Positive' in case the company registers higher-than-expected cash accruals on the back of sustained growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in the company's profitability, or in case of significant deterioration in the company's capital structure and liquidity position.

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About the company

BM, incorporated in 2009, is a Delhi-based company promoted by Mr. Lalit Agarwal and Mr. Vikas Agarwal. BM undertakes trading of industrial valves, cast iron (CI) pipes, ductile iron (DI) pipes and fittings, CPVC pipes and fittings, and double flanged pipes.

For FY2013-14, BM reported profit after tax (PAT) of Rs.0.04 crore on operating income of Rs.15.57 crore, as compared with PAT of Rs.0.02 crore on operating income of Rs.6.37 crore in FY2012-13. BM's net worth stood at Rs.0.57 crore as on March 31, 2014, as compared with Rs.0.53 crore a year earlier.

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