



SMERA RATINGS LIMITED

# BM Electrotech Casting Private Limited (BM)

*Rating  
Rationale*

**January 06, 2016**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	5.50	<b>SMERA B+/Stable (Upgraded from SMERA B/Stable)</b>

SMERA has upgraded the long-term rating of the Rs.5.50 crore bank facility of BM Electrotech Casting Private Limited (BM) to '**SMERA B+**' (read as **SMERA B plus**) from '**SMERA B**' (read as SMERA B). The outlook is '**Stable**'.

The rating upgrade is in view of the healthy growth in the operating income. The company registered compounded annual growth rate (CAGR) of 37 per cent over the last three years ended FY2014-15 owing to addition of customers coupled with improvement in operating margins to 4.68 per cent as on March 31, 2015 from 2.77 per cent a year earlier. The rating upgrade also factors in improvement in capitalisation levels to Rs.1.67 crore in FY2014-15 from Rs.0.57 crore in FY2013-14, moderate interest coverage indicators and healthy order book of Rs.~19 crore as on November 30, 2015.

The rating continues to derive comfort from the experienced management, healthy revenue growth and established relations with suppliers and customers. However, the rating is constrained by the company's working capital intensive operations and weak financial risk profile marked by leverage (total outside liabilities to total net worth ratio) of 5.90 times as on March 31, 2015.

## **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 owing to the sustained growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in profitability or significant deterioration in the capital structure and liquidity position.

## **About the Company**

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

For FY2014-15, BM reported profit after tax (PAT) of Rs.0.05 crore on operating income of Rs.12.70 crore, as compared with PAT of Rs.0.04 crore on operating income of Rs.15.57 crore in FY2013-14. BM's net worth stood at Rs.1.67 crore as on March 31, 2015, as compared with Rs.0.57 crore a year earlier.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

## BM Electrotech Casting Private Limited (BM)

*Rating  
Rationale*

### Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208-02479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-11-4973 1312 Email: <a href="mailto:parimal.thakker@smera.in">parimal.thakker@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.