

Cee Dee Vacuum Equipment Private Limited: (Reaffirmed)

Name of the Instruments	Amount (Rs. Crore)	Ratings/Outlook
Demand Cash Credit	8.00	SMERA BB+/Stable (Reaffirmed)
Term Loan	5.50	SMERA BB+/Stable (Reaffirmed)
Export Packing Credit	1.00	SMERA A4+ (Reaffirmed)
Letter of Credit*	5.00	SMERA A4+ (Reaffirmed)
Bank Guarantee	15.00	SMERA A4+ (Reaffirmed)

** One way interchangeability from Letter of Credit to Bank Guarantee*

SMERA has reaffirmed the long-term and short-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) and '**SMERA A4+**' (read as **SMERA A four plus**) respectively on the Rs.34.50 crore bank facilities of Cee Dee Vacuum Equipment Private Limited (CDVEPL). The outlook is '**Stable**'.

The ratings continue to draw support from the experienced management, reputed clientele and diversified product profile. The ratings also draw comfort from the company's healthy financial profile and strong order book position. However, the ratings are constrained by the modest scale of operations and working capital intensive business. The ratings also factor in the highly competitive nature of the industry.

Update

The company's operating income rose to Rs.35.72 crore in FY2015-16 (Provisional) as against Rs.20.11 crore a year earlier on account of increase in demand for its key product ie. transformer oil filtration plant. The operating profit margin stood healthy at around 17.72 per cent in FY2015-16 (provisional). The company has low gearing (debt-equity ratio) of 0.80 times as on March 31, 2016 (provisional) as against 0.60 times in the previous year. The company registered healthy interest coverage ratio of 3.85 times in FY2015-16 (provisional) as against ICR of 2.81 times in the previous year. CDEVPL has a strong order book position with pending orders of Rs.15.11 crore as on March 31, 2016. The operations are working capital-intensive marked by gross current asset days of over 300 in the past two financial years ending FY2015-16.

Rating Sensitivity Factors

- Scaling up of operations while maintaining margins
- Efficient working capital management

Outlook-Stable

SMERA believes CDVEPL will maintain a stable business risk profile over the medium term owing to the extensive experience of the management. The outlook may be revised to 'Positive' in case the company achieves higher-than-expected growth in revenues along with profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenue and profit margins or if the capital structure of the company deteriorates on account of higher-than-expected working capital requirements.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

CDVEPL, incorporated in 1988, is a Pune-based company promoted by Mr. Suhas Sopanrao Dhamle and Mr. Nitin Sopanrao Dhamle. The company undertakes designing and manufacturing of oil purification systems.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Rating		Rating/Outlook
			Long Term	Short Term	
18 May, 2015	Demand Cash Credit	8.00	SMERA BB+	-	Stable
	Term Loan	5.50	SMERA BB+	-	Stable
	EPC	1.00		SMERA A4+	
	Letter of Credit	5.00	-	SMERA A4+	
	Bank Guarantee	15.00	-	SMERA A4+	

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ABOUT SMERA

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