

Secure Industries Private Limited: Downgraded

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit*	7.50	SMERA D (Downgraded from SMERA BB/Stable)
Term Loan - I	6.00	SMERA D (Downgraded from SMERA BB/Stable)
Term Loan - II	1.20	SMERA D (Downgraded from SMERA BB/Stable)
Term Loan - III	3.00	SMERA D (Downgraded from SMERA BB/Stable)
Term Loan - IV	2.75	SMERA D (Downgraded from SMERA BB/Stable)
Letter of Credit	1.00	SMERA D (Downgraded from SMERA A4+)

*Interchangeable from cash credit to letter of credit to the extent of Rs.2.00 crore but not vice versa.

SMERA has downgraded the long term rating on the above facilities from '**SMERA BB (read as SMERA double B)**' and short term rating from '**SMERA A4+ (read as SMERA A four plus)**' to '**SMERA D (read as SMERA D)**'. SMERA has consolidated the business and financial risk profiles of SIPL and Marke Precitech Private Limited (MPPL) referred to as the Secure Group (SG). The consolidation is in view of the common ownership and operational linkages within the group.

The ratings reflect delays in servicing of debt by the company and its stretched liquidity position.

Rating Sensitivity Factors

- Curing of debt
- Scalability of operations while maintaining margins

Criteria applied to arrive at the ratings

- Manufacturing entities
- Consolidation

About the Group

The SG Group, comprises two entities, SIPL and MPPL. The group designs and manufactures closures and closure moulds used for PET bottles, fruit juices, at its factory at Medak, Telangana.

For FY2015-16, the group reported profit after tax (PAT) of Rs.5.94 crore on net operating income of Rs.61.38 crore, as compared with PAT of Rs.3.67 crore on operating income of Rs.46.07 crore in the previous year. The group's net worth stood at Rs.15.31 crore as on March 31, 2016, as compared with Rs.9.30 crore a year earlier.

About the Company

SIPL, (the erstwhile Plenco Polymers Private Limited) manufactures closures at its factory located at Medak, Telangana. For FY2015-16, SIPL reported profit after tax (PAT) of Rs.5.75 crore on net operating income of Rs.60.37 crore, as compared with net profit of Rs.3.39 crore on operating income of Rs.44.23 crore in the previous financial year. The company's net worth stood at Rs.14.42 crore as on March 31, 2016, as compared with Rs.8.64 crore a year earlier.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
08 July, 2015	Cash Credit	7.50*	SMERA BB (Assigned)	-	Stable
	Term Loans	12.95	SMERA BB (Assigned)	-	Stable
	Letter of Credit	1.00	-	SMERA A4+ (Assigned)	-

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ABOUT SMERA

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