

August 19, 2015

| Facilities | Amount (Rs. Crore) | Rating |
|-----------------------------|--------------------|--------------------------------------|
| Cash Credit | 35.00 | SMERA BB+/Stable (Reaffirmed) |
| Term Loan | 2.00 | SMERA BB+/Stable (Reaffirmed) |
| Term Loan (Proposed) | 7.00 | SMERA BB+/Stable (Reaffirmed) |
| Term Loan (Proposed) | 3.00 | SMERA BB+/Stable (Assigned) |

SMERA has reaffirmed the long-term rating of '**SMERA BB+**' (**read as SMERA double B plus**) on the above mentioned bank facilities of Purulia Metal Casting Private Limited (PMCPL). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management and comfortable financial risk profile. The rating is also supported by the modest scale of operations, healthy revenue growth and well established market presence. However, the ratings are constrained by the company's working capital intensive operations and cyclical in the steel industry.

Outlook: Stable

SMERA believes PMCPL will maintain a stable business risk profile in the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improved working capital management. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected growth in revenues and profitability or in case of deterioration in the company's financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations and maintaining profit margins.
- Volatility in commodity prices

About the Company

PMCPL, incorporated in 2004, is a Kolkata-based company that manufactures thermo mechanically treated (TMT) bars and MS Billet at its manufacturing unit in Purulia, West Bengal. The overall operations of the company are managed by Mr Bhabani Prasad Mukherjee and Gautam Sen.

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PMCPL reported profit after tax (PAT) of Rs.1.23 crore on operating income of Rs.335.31 crore for FY2013-14, as compared with PAT of Rs.0.67 crore on operating income of Rs.236.36 crore in FY2012-13.

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