



SMERA RATINGS LIMITED

Kaizen Cold Formed Steel Private Limited (KCFSP)

Rating Rationale

August 04, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA B+/Stable (Assigned)
Proposed Facilities	1.00	SMERA B+/Stable (Assigned)
Letter of Credit	5.00*	SMERA A4 (Assigned)
Bank Guarantee	1.00	SMERA A4 (Assigned)

**Buyer's Credit as sublimit of LC upto Rs.5.00 crore*

SMERA has assigned a long term rating of '**SMERA B+**' (read as **SMERA B plus**) and a short term rating of **SMERA A4** (read as **SMERA A four**) to the above mentioned bank facilities of Kaizen Cold Formed Steel Private Limited (KCFSP). The outlook is '**Stable**'.

The rating is constrained by KCFSP's modest scale of operations, below average financial risk profile marked by weak debt protection metrics and highly working capital intensive operations. However, the rating weaknesses are partially offset by the extensive experience of the promoters and strong clientele.

Outlook: Stable

SMERA believes that the company will benefit from the extensive experience of the promoters and strong clientele. The outlook maybe revised to 'Positive' if the company improves its cash accruals and working capital management leading to improvement in the financial risk profile. Conversely, the outlook maybe revised to 'Negative' in case of further stretch in the company's working capital management and decline in cash accruals resulting in deterioration in the financial risk profile.

About the Company

Incorporated in 2009, KCFSP is a Chennai-based company engaged in the trading of steel products. The day-to-day operations are managed by Mr. Rahul Saraf and Mr. Raghav Saraf.

For FY2014-15, the company reported PAT of Rs.0.33 crore on operating income of Rs.42.00 crore as compared to PAT of Rs.0.15 crore on operating income of Rs.38.47 crore in FY 2013-14.

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*Rating
Rationale***Contact List:**

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