

September 09, 2015

Facilities	Amount(Rs. Crore)	Ratings
Cash Credit	5.00	SMERA B-/Stable (Assigned)
Packing Credit	7.00	SMERA A4 (Assigned)
Standby Overdraft	0.29	SMERA A4 (Assigned)
Inland Letter of Credit	2.00*	SMERA A4 (Assigned)
Letter of Guarantee	0.85	SMERA A4 (Assigned)
Proposed Long Term/Short Term Facilities	0.86	SMERA B-/Stable/SMERA A4 (Assigned)

* Full interchangeability between non-fund based inland Letter of Credit limit to Cash Credit limit

SMERA has assigned a rating of '**SMERA B-**' (read as **SMERA B minus**) and '**SMERA A4**' (read as **SMERA A four**) to the above mentioned Rs.16.00crore bank facilities of Britex Engineering Works (BEW). The outlook is '**Stable**'. The rating is constrained by the small scale of operations, uneven revenue trends and margins, stretched liquidity position on account of working capital intensive nature of operations and weak financial risk profile. The rating also factors the firm's exposure to foreign exchange fluctuation risk. However, the rating derives comfort from the experienced management, strong product base with stable demand followed by reputed clientele.

Outlook: Stable

SMERA believes that BEW will continue to benefit over the medium term from the extensive industry experience of its promoters and stable demand for its products in the domestic and export markets. The outlook may be revised to 'Positive' if BEW registers higher-than-expected growth in revenues while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' if the firm reports lower-than-expected sales and deterioration in the financial risk profile.

Rating Sensitivity

- Scaling up of operations while maintaining margins
- Working capital management
- Timely receipts from customers

About the Firm

BEW was established in 1973 by Mr. Yogesh Kadakia and family to manufacture forged fitting pipe flanges for various industries including petrochemical, pharma, chemical among others.

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) for the latest information on any instrument rated by SMERA.

For FY2013-14, BEW reported profit after tax (PAT) of Rs.0.16 crore on operating income of Rs.27.96 crore, as compared with PAT of Rs.0.35crore on operating income of Rs.41.37 crore in FY2012-13. For FY2014-15, the company reported PAT of Rs.0.19 crore (provisional) on operating income of Rs.34.30 crore (provisional).

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President– Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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) for the latest information on any instrument rated by SMERA.