

November 23, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	2.50	SMERA BBB-/Stable (Assigned)
Cash Credit	7.00	SMERA BBB-/Stable (Assigned)
Letter of Guarantee	3.50	SMERA A3 (Assigned)

SMERA has assigned rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) on the Rs.9.50 crore fund based bank facilities and short term rating of '**SMERA A3**' (read as **SMERA A three**) on the Rs.3.50 crore non-fund based bank facility of Venus Stampings Private Limited (VSPL). The outlook is '**Stable**'. The ratings are supported by the company's comfortable financial risk profile marked by moderate profitability and return indicators. The ratings also take into account the efficient working capital management reflected in the working capital cycle of ~7 days in FY2014-15 and the extensive experience of the promoters in the lamination manufacturing business. However, the ratings are constrained by the inherent cyclicity in the automobile industry and exposure to raw material fluctuation risk amidst intense competition in the auto equipment manufacturing industry.

Outlook:Stable

SMERA believes VSPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals. The outlook may be revised to 'Negative' in case of significant deterioration in the company's financial risk profile and liquidity position.

Rating Sensitivity Factors

- Improvement in profitability margins
- Scaling up of operations

About the Company

Promoted by Mr. D. N. Kathuria in 1985, VSPL is a Faridabad-based company engaged in the manufacture of laminations for the automobile and electrical equipment industries. The company reported net profit of Rs.4.07 crore on total income of Rs.87.66 crore for FY2014-15, as compared with net profit of Rs.2.22 crore on total income of Rs.73.23 crore in FY2012-13. The net worth stood at Rs.14.02 crore as on March 31, 2015, as against Rs.10.07 crore a year earlier.

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SMERA RATINGS LIMITED

Venus Stampings Private Limited (VSPL)

*Rating
Rationale*

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