

November 25, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	8.00	SMERA A4+ (Assigned)
Proposed Bank Facilities	2.00	SMERA BB-/Stable/SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as SMERA double B minus) and a short-term rating of '**SMERA A4+**' (read as SMERA A four plus) to the Rs.11.00 crore bank facilities of V. Ram Chandra Iron & Steel Private Limited (V. Ram Chandra Iron). The outlook is '**Stable**'.

The ratings draw support from an experienced management, moderate financial risk profile, low gearing and moderate coverage indicators. However, the ratings are constrained by the small scale of operations, customer concentration risk and weak liquidity profile (fully utilised bank limit for the period April 2015 to October 2015).

Outlook: Stable

SMERA believes V. Ram Chandra Iron will maintain a moderate business risk profile in the medium term owing to the established operations and extensive experience of the promoters in the business. The outlook may be revised to 'Positive' with improvement in revenues along with profitability. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Efficient working capital management

About the Company

V. Ram Chandra Iron, established in 1993 by Mr. Rajeev Jain and Mr. Sanjeev Jain is engaged in the logistics business and operates mainly in Kanpur and Agra. It has a seven year contractual agreement with Rashtriya Ispat Nigam limited for logistics and transportation.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.10 crore on operating income of Rs.14.42 crore, as compared with profit after tax (PAT) of Rs.0.36 crore on operating income of Rs.14.34 crore in FY2013-14. The net worth stood at Rs.2.93 crore as on March 31, 2015 against Rs.2.83 crore a year earlier.

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