

Venus Industrial Corporation Private Limited:Upgraded

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	12.00	SMERA BB-/Stable (Upgraded from B+/Stable)
Letter of Credit	2.50	SMERA A4 (Reaffirmed)
Proposed Short Term	2.50	SMERA A4 (Reaffirmed)

SMERA has upgraded the long-term rating on the Rs.12.00 crore bank facility to '**SMERA BB-**' (read as **SMERA double B minus**) from 'SMERA B+' (read as SMERA B plus) and reaffirmed the short-term rating of '**SMERA A4 (read as SMERA A four)**' on the Rs.5.00 crore bank facility of Venus Industrial Corporation Private Limited (VICPL). The outlook is '**Stable**'.

The rating upgrade takes into account the growth in revenues and improvement in interest coverage ratio. SMERA also takes note of the improved net profit margins in FY2015-16. The ratings continue to derive comfort from the company's experienced management and reputed customers. However, the ratings are constrained by the stretched liquidity position as evident from the high Gross Current Assets (GCA) days and low current ratio. The ratings also factor in the intense competition in the automobile industry.

Update

VICPL's revenue increased to Rs.224.27 crore in FY2016 as compared to Rs.200.34 crore in FY2015. The interest coverage of the company rose to 2.31 times in FY2016 as compared to 1.81 times in the previous year. The net profitability margin stands at 1.07 percent in FY2016 as against 0.17 percent last year. VICPL's gearing is moderate at 1.60 times in FY2016 as compared to 1.95 times in FY2015. The GCA days stand at 100 days in FY2016 as against 96 in FY2015. The current ratio is low at 0.78 times in FY2016 as against 0.76 times in FY2015. The DSCR stands low at 1.05 times in FY2016 as against 0.97 times in FY2015. Further, the company is exposed to intense market competition in the automobile industry.

VICPL was incorporated in 1996. The promoters, Mr. D.N. Kathuria, Mr. K.L. Kathuria, Mr. Sumeet Kathuria and Mr. Mukesh Kathuria possess experience of over two decades in the automobile industry. The company has reputed clientele including Maruti Suzuki, Tata Motors, Honda Cars Limited and others.

Outlook-Stable

SMERA believes that VICPL will maintain a stable outlook over the medium term on account of its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenues and cash accruals while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

Rating Sensitivity Factors

- Improvement in profitability and apt working capital management

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

VICPL, incorporated in 1996, is engaged in the manufacture of precision sheet metal components primarily for the automotive industry. The company manufactures door hinges, handles for hand brakes, clutch parts and other fabricated and stamped components for original equipment manufacturers (OEMs). The company is located at Faridabad, Haryana.

For FY2016, the company reported PAT of Rs.2.40 crore on operating income of Rs.224.27 crore as compared with PAT of Rs.0.34 crore on operating income of Rs.200.34 crore for FY2015. The company's networth stands at Rs.25.54 crore as on March 31, 2016 as against Rs.20.78 crore a year earlier. The networth of Rs.25.54 crore includes quasi equity of Rs.4.86 crore in FY2016.

Rating History

	Facilities	Amount (Rs. Crore)	Ratings		Rating/Outlook
			Long Term	Short Term	
30 Nov, 2015	Cash Credit	12.00	SMERA B+ (Assigned)	-	Stable
	Letter of Credit	5.00	-	SMERA A4 (Assigned)	-

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ABOUT SMERA

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