

January 11, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA BB-/Stable (Assigned)
Term Loan	3.50	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as SMERA double B minus) to the Rs. 8.50 crore bank facilities of Litecon Industries Private Limited (LIPL). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management and average financial risk profile marked by comfortable coverage indicators. The rating is also supported by moderate business risk profile and comfortable working capital cycle. However, the rating is constrained by the company's limited track record of operations and susceptibility of its profitability margins to volatility in raw material prices.

Rating Sensitivity Factors

- Working capital management and bank limit utilization.
- Future capital expenditure plans and its funding mix thereof.
- Sustained improvement in operating profit margin and financial risk profile.

Outlook: Stable

SMERA believes that the company would continue to benefit over the medium term from its promoters industry experience. The outlook may be revised to 'Positive' if in case the company reports substantial and sustainable revenues or operating margins going forward resulting into improvements in its existing business risk profile. Conversely, the outlook may be revised to 'Negative' if in case the company's working capital cycle further elongates resulting into weakening of its existing financial risk profile especially its liquidity or if its undertakes significant debt-funded capital expenditure over the medium term.

About the Company:

Litecon Industries Private Limited (LIPL), incorporated in 2010, is Surat based company promoted by Mr. Chandresh Sanghani. The company manufactures Autoclaved Aerated Concrete (AAC) Blocks & Panels. LIPL majorly caters to clients in the Real Estate Development Industry in India.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.54 crore on operating income of Rs.21.02 crore, as compared to PAT of Rs.0.49 crore on operating income of Rs. 26.27 crore in the previous year. The company's net worth stood at Rs. 5.59 crore as on March 31, 2015 as compared with Rs. 6.14 crore a year earlier.

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