

January 27, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	9.70 *	SMERA BB/Stable (Assigned)
Term Loan	1.05	SMERA BB/Stable (Assigned)

** Buyers Credit of Rs. 5.00 crore and Letter of Credit of Rs. 1.00 crore sub limit within cash credit.*

SMERA has assigned rating of '**SMERA BB**' (**read as SMERA double B**) to the Rs.10.75 crore bank facilities of R. D. Weld products Private Limited (RDWPPL). The outlook is '**Stable**'. The rating draws comfort from the promoter's extensive industry experience and healthy relations with customers and suppliers. However, the rating is constrained by the working capital intensive operations and highly leveraged financial risk profile.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Efficient working capital management
- Future capital expenditure plans and its funding mix thereof

Outlook: Stable

SMERA believes that the outlook of RDWPPL will continue to remain stable over the medium term owing to the promoter's extensive industry experience. The outlook may be revised to 'Positive' in case of substantial and sustainable growth in revenues/operating margins or if the company efficiently manages its working capital requirements. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further deteriorates due to stretch in payment realisation from customers or if the company undertakes significant debt funded capex leading to deterioration in the financial risk profile especially liquidity.

About the Company

Incorporated in 1997, RDWPPL, promoted by Mr. Manoj Balwani and family is engaged in the trading of welding consumables, welding equipment's and cutting accessories. The company is a one-stop-shop for total welding solutions in Maharashtra.

The company reported profit after tax (PAT) of Rs.0.54 crore on operating income of Rs.38.39 crore for FY2014-15, as compared with PAT of Rs.0.51 crore on operating income of Rs.38.27 crore in the previous year.

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