



SMERA RATINGS LIMITED

# Val-Met Engineering Private Limited (VME)

*Rating  
Rationale***February 25, 2016**

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

*\*includes Letter of credit as a sublimit of Cash credit with 100 per cent interchangeability*

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) to the above mentioned bank facilities of Val-Met Engineering Private Limited (VME). The outlook is '**Stable**'. The ratings draw comfort from the company's experienced management, moderate financial risk profile, comfortable liquidity position and reputed customer base. However, the ratings are constrained by the modest scale of operations, unevenness in revenues and susceptibility of profit margins to volatility in raw material prices and forex fluctuations.

## **Outlook: Stable**

SMERA believes VME will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

## **Rating Sensitivity Factors**

- Increasing scale of operations
- Maintaining operating profit margins
- Efficient working capital management

## **About the Company**

VME was incorporated in 2007 by Mr. P. H. Subramoni (Director). The company is engaged in the manufacturing of high precision components and processing of mill product forms. The manufacturing facility is located at Chennai.

In FY2014-15, VME reported profit after tax (PAT) of Rs.1.15 crore on operating income of Rs.15.73 crore, as compared to PAT of Rs.2.16 crore on operating income of Rs.26.97 crore in the previous year.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

# Val-Met Engineering Private Limited (VME)

*Rating  
Rationale*

## Contact List

Media/Business Development	Analytical Contact	Rating Desk
Mr. Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.