



SMERA RATINGS LIMITED

Secan Invescast India Private Limited (Secan)

*Rating
Rationale*

March 17, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA BB / Stable (Assigned)
Term Loan	3.25	SMERA BB / Stable (Assigned)
Bank Guarantee	0.25	SMERA A4+ (Assigned)
Letter of Credit	0.25	SMERA A4+ (Assigned)

SMERA has assigned long term rating of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the above mentioned bank facilities of Secan Invescast India Private Limited (Secan Invescast). The outlook is '**Stable**'. The ratings draw comfort from the company's experienced management, moderate financial risk profile and stable revenue stream. However, the ratings are constrained by the moderate scale of operations, working capital intensive nature of business and intense market competition in steel manufacturing.

Outlook: Stable

SMERA believes that the company will continue to maintain a stable business profile in the medium term owing to its promoters' extensive experience. The outlook may be revised to 'Positive' in case of sustained improvement in the company's profitability margins while maintaining revenue growth due to increase in sales realisations. Conversely, the outlook may be revised to 'Negative' if the profitability margins decline due to volatility in raw material prices.

Rating Sensitivity Factors

- Scaling up of operations and improvement in profitability margins
- Improvement in the financial risk profile
- Debt funded capex

About the Company

Secan Invescast was incorporated in 2005 by Mr.Velusamy who possesses experience of over two decades in the steel manufacturing industry. A Coimbatore-based company, Secan Invescast is engaged in the manufacture of stainless steel castings and valve spares used in the cement, petroleum, motor pump and paper industries.

For FY2014-15, the company reported profit after tax (PAT) of Rs.1.42 crore on operating income of Rs. 27.78 crore as compared with PAT of Rs.1.20 crore on operating income of Rs.22.76 crore for FY2013-14.

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) for the latest information on any instrument rated by SMERA.



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