

February 27, 2014

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	2.50	SMERA B/Stable (Assigned)
Cash Credit	3.50	SMERA B/Stable (Assigned)
Inland Letter of Credit	0.25	SMERA A4 (Assigned)
Bank Guarantee	0.25	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B**' (read as SMERA B) and a short-term rating of '**SMERA A4**' (read as SMERA A four) to the Rs. 6.50 crore bank facilities of Precon Technology and Castings Limited (PTCL). The outlook is '**Stable**'. The ratings are primarily constrained by the company's short track record of operations amidst intense competition prevalent in the steel industry. However, the ratings are supported by the company's experienced management.

PTCL, incorporated in March 2012, is a Bhiwadi-based company engaged in manufacturing of steel castings and alloy steel castings used in the power transmission, mining and heavy engineering industry. PTCL commenced commercial operations in May 2013. The company faces intense competition from several small-sized players operating in the unorganized sector of the steel industry.

PTCL benefits from its experienced management. Mr. A. K. Agarwal, Director of PTCL, has around three decades of experience in the steel industry. Mr. A. K. Agarwal is also a director in PTC Industries Limited, a group entity engaged in manufacturing of steel castings and alloy steel castings since 1963.

Outlook: Stable

SMERA believes the outlook on PTCL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Negative' in case the company fails to achieve the projected scalability in revenues. Conversely, the outlook may be revised to 'Positive' in case the company achieves a sustained growth in revenues while registering healthy profit margins and maintain a comfortable capital structure.

About the company

PTCL, incorporated in March 2012, is a Bhiwadi-based company promoted by Mr. A. K. Agarwal. PTCL is engaged in manufacturing of steel castings and alloy steel castings. The company commenced commercial operations in May 2013. PTCL has a manufacturing unit in Bhiwadi (Rajasthan), with an installed capacity of 3,600 tonnes per annum (TPA).

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Precon Technology and Castings Limited (PTCL)

Rating
Rationale

As per provisional financials, PTCL reported revenues of Rs.7.24 crore during May 2013 to October 2013. The company's equity capital stands at Rs.1.50 crore (provisional) as on October 31, 2013.

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