

## Rating Rationale

### Brickwork Ratings Reaffirmed 'BWR D' rating for the bank loan facilities of Sova Electrocasting Limited

Brickwork Ratings has reaffirmed the 'BWR D' **Rating**<sup>1</sup> for the bank loan facilities of Sova Electrocasting Limited. ('SEL' or 'the Company') :

Facility	Previous Limits (₹ in Cr)	Current Limits (₹ in Cr)	Tenure	Rating History (December 2014)	Present Rating <sup>1</sup>
<b>Fund Based (FB) limits</b>			<b>Long Term</b>	<b>BWR D</b> (Pronounced as BWR D)	<b>BWR D</b> (Pronounced as BWR D)
<b>Cash Credit</b>	<b>25.00</b>	<b>25.00</b>			
<b>Term Loan*</b>	<b>7.76</b>	<b>4.42</b>			
<b>Total Limits</b>	<b>32.76</b>	<b>29.42</b>	<b>INR Twenty Nine Crores and Forty Two Lakhs only</b>		

\*Term loan outstanding as of 30th September 2016.

BWR has principally relied upon the audited financial results up to FY15, Publicly available information and Information clarification provided by the management.

The rating assigned reflects continued instances of delay in servicing of interest and debt obligations on time and further rating is constrained by the moderate scale of operations and the weak financial risk profile of the company marked by lower networth position of the Company. However the Company benefits from the promoters extensive experience and long track record of the Company.

#### Background:

Sova Electrocasting Limited (SEL) was incorporated in 1997 as Balaji Electrocasting Limited (BEL). In 2006, the company was taken over by the present promoters and the name of the company was changed to Sova Electrocasting Limited. SEL started commercial production in July, 2006 and is engaged in manufacturing of TMT bars and ingots.

The Ingots and TMT bars manufacturing facility located in Durgapur, West Bengal.

#### Management :

The Company has three directors namely Mr. Amit Agarwal, Mr. Shyam Bihari Makharia and Mr. Naresh Kumar Sharma.

All the directors of the Company have more than a decade of experience in the industry. Mr. Naresh Kumar Sharma looks after the day to day operations of the Company.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Financial Performance:

The Total Operating Income of the Company improved from Rs. 87.05 Crs of FY14 to Rs. 92.05 Crs for FY15 & there is also marginal improvement in the PAT from Rs. 0.18 Crs of FY14 to Rs. 0.23 Crs for FY15. However, the Company has liquidity issues and it would help the Company if these are seriously addressed.

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