

January 20, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	2.10	SMERA B+/Stable (Assigned)
Term Loan	0.82	SMERA B+/Stable (Assigned)
Cash Credit	2.50	SMERA B+/Stable (Assigned)
Standby Line of Credit	0.35	SMERA A4 (Assigned)
Bank Guarantee	0.50	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as SMERA single B plus) and a short-term rating of '**SMERA A4**' (read as SMERA A four) to the Rs.6.27 crore bank facilities of Steelfur System Private Limited (Steelfur). The outlook is '**Stable**'. The ratings are supported by the company's experienced management and well-diversified end user base. However, the ratings are constrained by the company's small-scale operations and working capital-intensive business. The ratings are also constrained by the susceptibility of the company's profit margins to raw material price volatility.

Steelfur, established in 2007, is a Vadodara-based company engaged in designing and manufacturing of industrial storage and display systems. Steelfur benefits from its experienced management. Mr. Ramesh S. Kayastha, director of Steelfur, has around three decades of experience in the iron and steel industry. Steelfur's products are used across various industries such as retail and warehousing.

Steelfur has small-scale operations marked by revenues of Rs.6.16 crore in FY2013-14 (refers to financial year, April 01 to March 31). The company's working capital cycle is stretched at 180 days in FY2013-14. Steelfur does not have price escalation clause in its supply contracts. The company's profit margins are thus highly susceptible to volatility in raw material prices.

### Outlook: Stable

SMERA believes Steelfur will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers healthy growth in scale of operations while achieving efficient working capital management. The outlook will be revised to 'Negative' in case the company registers decline in revenues and profitability, or in case of deterioration in the company's financial risk profile.

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### About the company

Steelfur, incorporated in 2007, is a Vadodara-based company promoted by Mr. Jignesh R. Kayastha, Mr. Rameshbhai Kayastha and Ms. Kokilaben R. Kayastha. Steelfur provides storage solutions such as racks and cabinets for supermarkets and industrial storage requirements. The company sells its products under the brand name of 'Steelfur'.

Steelfur is an ISO 9000-2000 and TQM certified entity. The company has two manufacturing facilities in Vadodara.

For FY2013-14, Steelfur reported profit after tax (PAT) of Rs.0.34 crore on total operating income of Rs.5.89 crore, as compared with PAT of Rs.0.29 crore on total operating income of Rs.7.46 crore in FY2012-13. Steelfur's net worth stood at Rs.2.62 crore as on March 31, 2014, as compared with Rs.1.77 crore a year earlier.

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