

Press Tech Engineering India Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating
Term Loan	3.25	SMERA B/Stable (Assigned)
Cash Credit	6.00	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facilities of Press Tech Engineering India Private Limited (PTEIPL). The outlook is '**Stable**'. The rating is constrained by the moderate scale of operations and below average financial risk profile marked by low networth, high gearing and moderate coverage indicators. The rating also factors in the working capital intensive business. However, the rating derives comfort from the experienced management.

PTEIPL is engaged in the manufacture of electrical stamping. The firm's scale of operations is moderate marked by operating income of Rs.16.62 crore in FY2015 as against Rs.20.86 crore in FY2014. The financial risk profile is below average marked by low net worth of Rs.3.14 crore and high gearing (Debt-equity ratio) of 3.32 times in FY2015. The interest coverage ratio (ICR) stood at 1.93 times and debt service coverage ratio (DSCR) at 1.42 times in FY2015. PTEIPL's working capital intensive business is marked by high gross currents asset days of 288 in FY2015 mainly due to high debtors and inventory days of 180 and 108 respectively.

However, the rating derives comfort from the extensive experience of Mr.Tamilarasan in the same line of business.

Outlook: Stable

SMERA believes that PTEIPL will maintain a stable outlook and benefit over the medium term from the promoters' experience in the electrical industry. The outlook may be revised to 'Positive' if its scale of operations increases substantially resulting in improved accruals. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenue or undertakes significant debt funded capex further deteriorating the financial risk profile.

Rating Sensitivity Factors

- Improvement in the size of operations and profitability
- Improvement in the capital structure
- Efficient working capital management

Criteria applied to arrive at the rating:

- Manufacturing entities

About the Company

PTEIPL was established in 2003 by Mr. Tamilarasan and Mrs. Mahalakshmi. The company manufactures electronic stamping at Coimbatore, Tamil Nadu and has an installed capacity of 500 MT per month.

For FY2014–15, the company reported profit after tax (PAT) of Rs.0.13 crore on operating income of Rs.16.72 crore, as compared with PAT of Rs.0.16 crore on operating income of Rs.20.86 crore in FY2013–14.

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ABOUT SMERA

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