

March 04, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00	SMERA B/ Stable (Assigned)
Letter of Credit	3.50	SMERA A4 (Assigned)
Working Capital Term Loan	0.50	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B' (read as SMERA single B)** to the Rs.4.00 crore long-term bank facilities and '**SMERA A4' (read as SMERA A four)** to the Rs.4.00 crore short-term bank facilities of Neometrix Engineering Private Limited (NEPL). The outlook is '**Stable**'. The ratings are constrained by the company's weak financial risk profile and working capital-intensive operations. However, the ratings are supported by the company's experienced management and healthy order book position.

NEPL, incorporated in 2005, is a Delhi-based company engaged in manufacturing, installation and development of test benches for the Indian Air Force. NEPL also caters to private sector entities. The company's weak financial risk profile is marked by high leverage (total outside liabilities to tangible net worth ratio) of 3.11 times as on March 31, 2014 and low interest coverage ratio of 1.61 times in FY2013-14 (refers to financial year, April 01 to March 31). NEPL's operations are working capital-intensive on account of stretched collection period of 99 days and inventory holding period of 154 days in FY2013-14.

NEPL benefits from its experienced management. Mr. Shalendra Pratap Singh, director of NEPL, has around two decades of experience in the electronics industry. The company has healthy order book position with pending orders of Rs.6.17 crore, which are likely to be executed by April 2015.

Outlook: Stable

SMERA believes NEPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected revenues and net cash accruals, or in case of deterioration in the company's financial risk profile and liquidity position.

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SMERA RATINGS LIMITED

Neometrix Engineering Private Limited (NEPL)

Rating Rationale

About the company

NEPL, established in 2005, is a Delhi-based company promoted by Mr. Shalendra Pratap Singh. NEPL is engaged in manufacturing, installation and development of test benches for the Indian Air Force. The company also caters to private sector entities.

For FY2013–14, NEPL reported net profit of Rs.0.17 crore on total income of Rs.7.36 crore, as compared with net profit of Rs.0.15 crore on total income of Rs.9.94 crore in FY2012–13. NEPL's net worth stood at Rs.1.78 crore as on March 31, 2014, as compared with Rs.1.68 crore a year earlier.

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