

Press Release

25 March, 2017

Samtech Machinery

Rating Assigned

Total Bank Facilities Rated *	Rs.7.00 Cr.
Long Term Rating	SMERA BB-/ Outlook: Stable (Suspension Revoked, Rating Assigned)

Refer Annexure for details

Rating Rationale

SMERA has revoked the suspension of rating of Samtech Machinery and assigned long term rating of **'SMERA BB-' (read as SMERA double B minus)** on the Rs.7.00 crore bank facilities of Samtech Machinery (SM) The outlook is **'Stable'**.

Samtech Machinery (SM), established in 1999, is a New Delhi-based proprietorship firm promoted by Mr. Sameer Kukreja. The firm is engaged in the trading of cutting, sewing and weaving machines and also deals in spare parts.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations**

Mr. Sameer Kukreja, the Proprietor has around 18 years of experience in the home textile equipment industry. The firm is engaged in the trading of cutting, sewing, weaving and knitting machines and has also been manufacturing/assembling spare parts since 1999.

- **Stable growth in revenue**

SM achieved stable growth in revenue of Rs 36.82 cr in FY2016 as against Rs 24.10 cr in FY2012 registering a CAGR of 11.15 per cent during the last four years. During the current year, the firm achieved revenue of Rs 26.50 cr till 31st January, 2017 (provisional).

- **Established relationships with customers**

SM has a customerbase of over 100 in India and mainly caters to New Delhi and NCR ,Uttar Pradesh, Haryana, West Bengal. Major customers include Hari Chand Anand & Co, House of sewing spares, Metaphor Exports Private Limited, Shahi Exports Private Limited among others.

Weaknesses

- **Modest scale of operations**

The scale of operations are modest with revenue of Rs.36.82 cr in FY2016 as against Rs 33.72 cr in FY2015.

• Working capital intensive operations

The operations are working capital intensive as reflected in the gross current assets (GCA) of 119 days in 2015-16 as against 124 days in 2014-15. The high GCA days emanates from the collection period and inventory holding period of 43 days and 76 days respectively in FY2016.

• Moderate financial risk profile

SM's moderate financial risk profile is marked by high gearing of 2.07 times, moderate interest coverage of 1.68 times and moderate TOL/TNW of 2.80 times as on 31st March 2016. SM has low net worth base of Rs 3.22 cr as on 31st March, 2016.

Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of SM.

Outlook: Stable

SMERA believes that SM will maintain a stable outlook over the medium term owing to its experienced management and established association with customers and suppliers. The outlook may be revised to 'Positive' in case of strong growth in scale of operations while registering sustained improvement in profit margins and achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the scale of operations and profitability or lengthening of working capital cycle.

About the Rated Entity - Key Financials

For FY2016, SM reported Profit after Tax (PAT) of Rs.0.42 cr on total operating income of Rs.36.82 cr as compared with PAT of Rs.0.40 cr on total operating income of Rs.33.72 cr in FY2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Name of Facilities	2017				2016		2015		2014	
	Scale	Date	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	25 March 2017	5.00	SMERA BB-/Stable (Suspension Revoked, Rating Assigned)	21 June 2016	SMERA B+/Stable (Suspended)	10 April 2015	SMERA B+/Stable (Assigned)	-	-
Proposed Cash Credit	LT	25 March 2017	2.00	SMERA A4+ (Suspension Revoked, Rating Assigned)	-	-	-	-	-	-

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA BB- / Stable (Suspension Revoked, Rating Assigned)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA BB- / Stable (Suspension Revoked, Rating Assigned)

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ABOUT SMERA

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