

August 11, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	9.00*	SMERA BB/ Stable (Assigned)
Proposed Cash Credit Enhancement	3.00	SMERA BB/ Stable (Assigned)
Proposed Term Loan	3.50	SMERA BB/ Stable (Assigned)
Letter of Credit	15.00#	SMERA A4+ (Assigned)
Proposed Letter of Credit Enhancement	3.00	SMERA A4+ (Assigned)
Bank Guarantee	3.50	SMERA A4+ (Assigned)
Proposed Fund Based Facilities	0.50	SMERA A4+ (Assigned)

*Includes sublimit of BD (against book debts to 90 days) of Rs.5.00 crore and a sublimit of IBN/IBP of Rs. 1.25 crore

#Buyers' Credit sublimit of Letter of Credit up to Rs.6.00 crore

SMERA has assigned a long term rating of '**SMERA BB**' (read as **SMERA double B**) and a short term rating of '**SMERA A4+ (read as SMERA A four plus)**' to the above mentioned bank facilities of S and T Engineers Private Limited (STEPL). The outlook is '**Stable**'. The rating derives comfort from the established track record of the promoters, moderate financial risk profile marked by comfortable debt protection metrics and healthy relations with its reputed clientele. However, the ratings are constrained by risks related to company's debt funded capex plan, working capital intensive operations and susceptibility of the profit margins to fluctuations in raw material prices.

Outlook: Stable

SMERA believes that the company would continue to benefit from its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case of healthy increase in cash accruals while achieving a comfortable working capital management. However, the outlook may be revised to 'Negative' in case of stretched working capital management resulting in stressed liquidity and deterioration of financial profile.

Rating Sensitivity Factors

- Sustained revenue growth with healthy profitability
- Successful manufacturing of industrial machines

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the Company

The erstwhile Coimbatore-based partnership firm STEPL established on September 1996 was converted into a private limited company on September 01, 2009 under its current name. The company is engaged in the trading of industrial machines and medical equipments and recently began manufacturing industrial machines.

For FY2013-14, STEPL reported profit after tax (PAT) of Rs.0.77crore on operating income of Rs.58.36 crore as compared to PAT of Rs.0.68 crore on income of Rs.68.27 crore in FY2012-13. For FY2014-15, the company reported PAT of Rs.1.49 crore (provisional) on operating income of Rs.94.50 crore.

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