



SMERA RATINGS LIMITED

Sridevi Tool Engineers Private Limited (STEPL)

*Rating
Rationale***September 07, 2015**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	1.00	SMERA BBB/Stable (Assigned)
Buyers Credit	14.76	SMERA BBB/Stable (Assigned)
Term Loan	3.84	SMERA BBB/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BBB**' (read as **SMERA triple B**) to the Rs.19.60 crore bank facilities of Sridevi Tool Engineers Private Limited (STEPL). The outlook is '**Stable**'.

The rating derives comfort from the company's long track record of operations, experienced management, strong market position and established relationships with customers in the automobile industry. The rating also derives comfort from the company's strong financial risk profile marked by healthy profit margin, comfortable networth and interest coverage, and strong liquidity position. However, the rating is constrained by the company's modest scale of operations and customer concentration risk. The rating also notes that the company's business is exposed to downturn in the automobile industry.

Outlook: Stable

SMERA believes that the company will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established relationship with its customers. The outlook may be revised to 'Positive' in case the company registers significant growth in revenues and profit margins coupled with debt-coverage metrics. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's profitability margins, or in case of deterioration in the company's financial risk profile and liquidity position. The rating may also undergo a change in case of higher than anticipated debt-funded capital expenditure.

About the Company

Incorporated in 1972, STEPL is a Mumbai-based company promoted by Mr. Surendra C. Kalyanpur. Mr. Surendra C. Kalyanpur (Managing Director) is ably supported by his son Mr. Akshay Kalyanpur (Director). The company is engaged in manufacturing of moulds that are used for making plastic automotive components. STEPL sells its moulds to automobile companies like Honda Motorcycle & Scooter India Private Limited (HMSI), India Yamaha Motor Private Limited, Hero Motocorp Limited, Maruti Suzuki Limited and Mahindra & Mahindra Limited. The company has two factories located at Vasai, Thane.

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For FY2014–15, STEPL reported profit after tax (PAT) of Rs.8.09 crore on operating income of Rs.66.43 crore, as compared with PAT of Rs.5.64 crore on operating income of Rs.50.10 crore in the previous year. The company's net worth stood at Rs.30.38 crore as on March 31, 2015, as compared with Rs.23.57 crore a year earlier.

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