

March 18, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	85.00	SMERA BBB/Stable (Assigned)
Term Loan	12.00	SMERA BBB/Stable (Assigned)
Standby Line of Credit	2.00	SMERA A3+ (Assigned)
Bank Guarantee	48.00	SMERA A3+ (Assigned)
Letter of Credit	10.00	SMERA A3+ (Assigned)

SMERA has assigned ratings of '**SMERA BBB**' (**read as SMERA triple B**) and '**SMERA A3+**' (**read as SMERA A three plus**) to the abovementioned bank facilities of Enpro Industries Private Limited (EIPL). The outlook is '**Stable**'. The ratings derive support from the company's established track record of operations, experienced and qualified management and reputed clientele. The ratings also draw strength from the healthy financial risk profile marked by moderate gearing, comfortable net worth base, healthy profitability and coverage indicators. Further, the ratings also take into consideration the diversified product portfolio and healthy order book position that provides strong revenue visibility in the medium term. However, the ratings are constrained by the working capital intensive operations, susceptibility of profit margins to volatility in raw material prices and fluctuations in forex rates.

Outlook: Stable

SMERA believes that EIPL will continue to benefit over the medium term from its established market position and the promoter's extensive industry experience. The outlook may be revised to 'Positive' in case of sustainable improvement in the scale of operations, profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' if the company's revenue and profitability decline or if its financial risk profile weakens due to stretch in working capital cycle or large debt-funded capital expenditure undertaken.

Rating Sensitivity Factors

- Efficient working capital management
- Higher than envisaged working capital borrowings
- Debt funded capex plan

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About the Company

Established in 1988 as a proprietorship firm, EIPL, a Pune-based company was converted into private limited in 1999. The company is engaged in the manufacturing and designing of mechanical fluid systems like lube oil systems, filtration skids, fuel handling skids among others used in power, petrochemical, refineries and process industries. EIPL has its manufacturing facility in Alandi, Pune and also has its presence with offices in North America, Middle East, Europe, Japan and Korea to cater to the export markets.

For FY2014–15, EIPL reported net profit of Rs.6.49 crore on total income of Rs.162.61 crore, as compared with net profit of Rs.0.65 crore on total income of Rs.46.17 crore in FY2013–14. For FY2015-16, EIPL has registered total income of Rs. 203.61 crore from April to January 2016.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-66201203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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