

March 26, 2016

Facilities	Amount (Rs. Crore)	Ratings
Bill Purchase/Discounting	0.05	SMERA A4+ (Assigned)
Cash Credit	2.85	SMERA BB/Stable (Assigned)
Term Loan	0.05	SMERA BB/Stable (Assigned)
Term Loan	0.11	SMERA BB/Stable (Assigned)
Term Loan	3.00	SMERA BB/Stable (Assigned)
Bank Guarantee/Letter of Guarantee	0.15#	SMERA A4+ (Assigned)

#one way inter-changeability from Bank Guarantee to Cash Credit

SMERA has assigned ratings of '**SMERA BB**' (read as SMERA double B) and '**SMERA A4+**' (read as SMERA A four plus) to the above mentioned bank facilities of Inder Engineering Industries (Inder Engineering). The ratings derive comfort from by the long track record of operations, reputed customer base and improving profitability of the firm. The ratings also draw support from the firm's moderate financial risk profile. However, the ratings are constrained by the small scale of operations, working capital intensive nature of operations and customer concentration risk.

### Outlook: Stable

SMERA believes that Inder Engineering will continue to benefit over the medium term on account of its experienced management and established presence in the engineering industry. The outlook may be revised to 'Positive' if the firm registers higher-than-expected revenues and cash accruals while maintaining the working capital cycle and margins. Conversely, the outlook may be revised to 'Negative' in case the business risk profile weakens resulting in lesser than expected revenues or profitability and lower-than-expected net cash accruals leading to significant stretch in the working capital cycle.

### Rating Sensitivity Factors

- Increasing scale of operations while maintaining profitability
- Efficient working capital management

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

## About the Firm

Inder Engineering, a proprietorship concern established in 1976 is engaged in the manufacture of traction control equipment such as contactors, switch gears, relays among others. The firm, headed by Mr. K.S. Nanda, is an ISO 9001:2008 certified and RDSO (Research Design and Standards Organisation) approved supplier to Indian Railways.

In FY2014-15, Inder Engineering reported profit after tax (PAT) of Rs.0.73 crore on operating income of Rs.22.48 crore, as compared to PAT of Rs.1.14 crore on operating income of Rs.28.23 crore in the previous year.

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