

Star Track Fasteners Private Limited: Assigned

| Facilities | Amount (Rs Crore) | Ratings/Outlook |
|------------------|-------------------|----------------------------|
| Cash Credit | 5.00* | SMERA BB/Stable (Assigned) |
| Term Loan | 1.50 | SMERA BB/Stable (Assigned) |
| Bank Guarantee | 4.00 | SMERA A4+ (Assigned) |
| Letter of Credit | 1.50 | SMERA A4+ (Assigned) |

*Sublimit as packing credit to the extent of Rs. 1.00 crore.

SMERA has assigned long-term rating of '**SMERA BB**' (**read as SMERA double B**) and short-term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the above mentioned bank facilities of Star Track Fasteners Private Limited (STFPL). The outlook is '**Stable**'. The ratings derive comfort from the long track record of operations, experienced management and comfortable financial risk profile. However, the ratings are constrained by the modest scale of operations, customer concentration risk and working capital intensive business.

STFPL, incorporated in 1992 is a Delhi-based company headed by Mr. Kapil Aggarwal. The company is engaged in the manufacturing of rubber components for Indian Railways, Metro Railway and the agro industry. The company benefits from its experienced management. The Directors possess over four decades of experience in the rubber components industry.

The company has comfortable financial risk profile marked by gearing of 0.77 times as on March 31, 2016 (provisional). The Interest coverage ratio (ICR) and debt service ratio stood at 2.78 times and 1.58 times respectively (Provisional) in FY2016. However, the ratings are constrained by the modest scale of operations with revenues of Rs. ~40.00 crore for FY2016 (provisional) as against revenue of Rs.32.37 crore for FY2015. Further, the company earns around ~50 per cent revenue from Indian Railways, thereby exposing it to customer concentration risk.

The company's operations are working capital intensive evident in the high GCA days of around 131 (Provisional) in FY2016. The cash credit utilisation also stands high at around 95 per cent from January to June, 2016.

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Efficient working capital management

Outlook-Stable

SMERA believes that the outlook on STFPL's rated facilities will remain stable over the medium term on account of the company's experienced management and comfortable financial risk profile. The outlook may be revised to 'Positive' if the company registers sustained growth in revenue and profit margins. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in the operating profit margins or significant deterioration in the capital structure on account of larger than envisaged debt funded capex and working capital borrowings.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

STFPL, established in 1992 is managed by Mr. Naresh Kumar Aggarwal, Mr. Manmohan Sarup Aggarwal, Mr. Vikas Aggarwal, Mr. Rohit Aggarwal and Mr. Kapil Aggarwal. The company is engaged in the manufacturing of rubber components for Indian Railways, Metro Railways and the agro industry.

For FY2015–16, the company reported profit after tax (PAT) of Rs.0.95 crore (Provisional) on operating income of Rs.40.00 crore as compared with net profit of Rs.0.22 crore on operating income of Rs.32.37 crore in FY2014–15.

Contacts:

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ABOUT SMERA

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