



Press Release
SPECTRUM TOOL ENGINEERS PRIVATE LIMITED
January 05, 2026
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	70.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	20.00	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	90.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B Plus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs 90.00 Cr. bank facilities of Spectrum Tool Engineers Private Limited (STEPL) . The outlook is '**Stable**'.

Rationale for rating assigned

The assigned rating reflects the extensive experience of the promoters in the industry and the entity's established track record of operations. The rating also factors in a moderate financial risk profile, characterized by average net worth, average gearing, and moderate debt protection metrics and an adequate liquidity position. The rating considers the stable operating performance in FY2025, supported by improved profitability and expectations of improved financial performance. However, the rating remains constrained by intensive working capital operation, susceptibility of profitability to fluctuations in raw material prices, and the highly fragmented nature of the industry. Acuite takes note of the instances of delays observed in servicing of term loan in the month of June 2025 due to insufficient funds in the account during the month.

About the Company

Spectrum Tool Engineers Private Limited (STEPL) was set up in 1990 as a proprietorship concern and was reconstituted as a private limited company in 2002. The company manufactures and exports tools and moulds, such as plastic components, precision machined components, aluminium die casting components, plastic injection moulding parts and mechanical products. It also manufactures LED lighting products. Its facility is in Bengaluru, Karnataka. Mr. C S Venkatesh, Mr. S Rajeshwai and Mr. V Sudarshan are the promoters of the company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profile of Spectrum Tool Engineers Private Limited (STEPL) to arrive at the rating.

Strengths

Experienced management and established relationship with customers

The promoters' experience of over three decades in the moulding and die casting industry, in depth understanding of market dynamics and healthy relationships with customers will continue to support the business. STEPL caters to a diversified end-user base, including telecom, electrical, automotive, electronics and healthcare, in the private and government sectors. The diversified end-user base allows the company to withstand slowdown in an industry and achieve higher growth.

Modest Scale of Operations with average order book position

The revenue of the company improved to Rs. 80.39 crore in FY2025 as compared to Rs. 70.82 crore in FY2024 reflecting a year-on-year growth of ~ 13.51 percent in FY2025 driven by steady demand and consistent execution of orders. Further, the company has registered a revenue of ~Rs. 88.26 crore in 8MFY2026 as against Rs. 39.45 crore in 8MFY2025, the company's majority of the revenue is skewed towards the last quarter. STEPL has an unexecuted order book position of Rs. 532 crore as on Dec-25 which shall be executed in next 12-24 months, thus providing comfortable revenue visibility in the short term. The EBITDA margin improved and stood at 21.95 percent in FY2025 as compared to 16.15 percent in FY2024 on account of steady realizations. The company recorded an EBITDA of Rs. 18.81 crore (21.90%) in 8MFY2026. The PAT margin stood at 7.73 percent in FY2025 as against 5.43 percent in FY2024. Acuite believes that the scale of operations of the company will continue to remain improve owing to the order book position and the healthy demand from the end user industries.

Moderate financial risk profile

The financial risk profile of the company is moderate marked by average net worth, average gearing and comfortable debt protection metrics. The tangible net worth of the company increased to Rs. 56.07 crore as of March 31, 2025 from Rs. 27.07 crore as of March 31, 2024 due to accretion of profits to reserves and infusion of equity capital to the tune of Rs. 3.00 crore. The company's gearing (debt to equity) is average at 1.52 times as of March 31, 2025 as against 1.62 times as of March 31, 2024. The total Debt includes long term borrowings of Rs. 11.70 crore, short term debt of Rs. 61.76 crore, USL from directors and promoters of Rs. 5.47 crore and current maturities for long term debt of Rs. 4.75 crore as on 31 March 2025. The debt protection metrics are comfortable and have improved, with Interest Coverage Ratio (ICR) and debt service coverage ratio (DSCR) at 2.70 times and 1.27 times respectively in FY2025 compared to 2.50 times and 1.09 times in FY2024. The Debt/EBITDA of the company stood high at 4.63 times as on 31 March 2025 as against 3.67 times as on 31 March 2024. The TOL/TNW stood at 1.95 times as on 31 March 2025 as against 2.27 times as on 31 March 2024. The net cash accruals to total debt (NCA/TD) stood low at 0.09 times in FY2025. The company is also undergoing capex for establishing New Manufacturing Plant at Dobaspet, Karnataka at the total cost of Rs. 65.27 crore, expected to be fully operational by April 2027. The project would be funded through Rs. 45.69 crore term loan and Rs. 19.58 crore internal accruals/unsecured loan from promoters. The financial closure for the term loan is pending.

Acuite believes, notwithstanding the benefits of capex, the financial risk profile would likely to remain moderate.

Weaknesses

Intensive Working Capital Operations

The working capital operations of the company is intensive marked by Gross Current Assets (GCA) of 661 days as on 31st March 2025 as compared to 369 days on 31st March 2024. The debtors days stood at 265 days in FY 2025 as against 204 days in FY 2024 as most of the execution is concentrated towards the end of every fiscal, with ~44 percent of the sales in Q4FY2025, resulting in elevated working capital indicators at the year ends. The inventory holding days stood at 408 days in FY2025 as against 160 days in FY2024. However, the average holding period of inventory are 236 days as due to high conversion cycle from raw materials to finished goods. Further, the creditor days stood at 138 days in FY 25 as against 120 days in FY 24. The average fund-based limit utilisation stood at ~89 percent and average non fund-based limit utilisation stood at ~79 percent for six months ending October 2025. Acuite believes that the working capital cycle is expected to remain at similar levels over the

medium term.

Highly competitive industry and susceptibility of margins to fluctuations in raw material prices

The Indian packaging industry is highly fragmented on account of its low capital intensity, low entry barriers, and easy availability of raw materials. High competition puts pressure on margins, thereby reducing bargaining power with customers for players. Further, the raw material used in packaging is plastic granules, whose prices are fluctuating and have a direct impact on operating margins. Acuite believes that the ability of the company to pass on such an adverse impact to its customers remains a key sensitivity factor.

Rating Sensitivities

- Continued growth in scale of operations with sustainable margins
- Significant increase in debt levels impacting the financial risk profile
- Any further elongation in the working capital operations affecting liquidity

Liquidity Position

Adequate

The liquidity position of the company is marked adequate with net cash accruals (NCA) of Rs. 7.88 crore in FY2025 as against maturing debt repayment obligations of Rs. 4.75 crore in the same year. The net cash accruals are expected in the range of Rs. 18 crore to Rs. 22 crore as against debt obligation of Rs. 2.56 crore to Rs. 2.74 crore for FY2026 and FY2027. The current ratio stood at 1.59 times in FY2025 as compared to 1.45 times in FY2024. The average fund-based limit utilisation stood at 89 percent and average non fund-based limit utilisation stood at ~79 percent for six months ending October 2025. Further, the cash and bank balances stood at Rs. 4.86 crore in FY 2025. The company has faced delays in debt servicing in the past due to delays in realisation of debtors relating to HESCOM, however, since July 2025, the company has been servicing its debt obligations in a timely manner. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	80.39	70.82
PAT	Rs. Cr.	6.21	3.85
PAT Margin	(%)	7.73	5.43
Total Debt/Tangible Net Worth	Times	1.52	1.62
PBDIT/Interest	Times	2.70	2.50

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A4+ Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	26 Sep 2024	Not avl. / Not appl.	Not avl. / Not appl.	22.50	Simple	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	26 Sep 2024	Not avl. / Not appl.	Not avl. / Not appl.	37.00	Simple	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	08 Sep 2023	Not avl. / Not appl.	31 Aug 2028	0.72	Simple	ACUITE BB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.74	Simple	ACUITE BB+ Stable Assigned
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	Not avl. / Not appl.	Term Loan	19 Apr 2023	Not avl. / Not appl.	19 Oct 2028	6.32	Simple	ACUITE BB+ Stable Assigned
Deutsche Bank	Not avl. / Not appl.	Term Loan	29 Apr 2024	Not avl. / Not appl.	05 May 2027	0.42	Simple	ACUITE BB+ Stable Assigned
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	Not avl. / Not appl.	Term Loan	03 Mar 2024	Not avl. / Not appl.	03 Mar 2029	1.08	Simple	ACUITE BB+ Stable Assigned
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	Not avl. / Not appl.	Term Loan	08 Apr 2024	Not avl. / Not appl.	08 Oct 2028	1.15	Simple	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	08 Sep 2023	Not avl. / Not appl.	31 Mar 2026	0.07	Simple	ACUITE BB+ Stable Assigned

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Sayali Parab Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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