

September 09, 2015

Facility	Amount (Rs. Crore)	Rating
Bank Guarantee	6.90	SMERA BB/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA BB**' (**read as SMERA double B**) to the Rs.6.90 crore bank facility of Esteem Projects Private Limited (EPPL). The outlook is **Stable**. The rating derives comfort from the company's healthy profit margins and order book position, low reliance on external borrowings and reputed clientele. The rating also draws support from the management's extensive experience in the steel and fabrication industry. However, the rating is constrained by the small scale of operations and stretched working capital cycle with gross current assets of 348 days in FY2013-14.

Outlook: Stable

SMERA believes that EPPL will continue to benefit over the medium term from the promoters' extensive industry experience, the healthy order book position and established relationships with reputed clients. The outlook may be revised to 'Positive' in case EPPL generates healthy cash flows through successful execution of projects while achieving efficient working capital management. Conversely, the outlook will be revised to 'Negative' in case of a further stretch in the company's liquidity position or in case of delays in project execution.

Rating Sensitivity Factors

- Project execution risk
- Efficient working capital management

About the Company

EPPL, incorporated in 1994 is an engineering company that designs, builds and revamps fired heaters - heaters, cracking furnaces, reformers and related equipment for the hydrocarbon and chemical industries. The company was promoted by Mrs. Rajinder Kaur, Mr. Gurinder Singh, Mr. Gurcharan Singh and Mr. Tanveer Singh.

For FY2013-14, EPPL reported profit after tax (PAT) of Rs.0.88 crore on operating income of Rs.14.35 crore as compared with PAT of Rs.0.86 crore on operating income of Rs. 18.11 crore for FY2012-13.

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SMERA RATINGS LIMITED

Esteem Projects Private Limited (EPPL)

*Rating
Rationale*

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