

July 03, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA BB/Stable (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) to the Rs.10.00 crore bank facilities of Ekta Engineering Udyog Pvt. Ltd. (EEUPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, wide dealership network and healthy financial risk profile. However, the ratings are constrained by the company's exposure to intense competitive pressure.

EEUPL, established in 1954, is a Noida-based company engaged in manufacturing of pressure cooker. EEUPL benefits from its experienced management. The directors of EEUPL have around three decades of experience in the company's line of business. EEUPL also benefits from its wide dealership network of around 1000 dealers across India. EEUPL's healthy financial risk profile is marked by low gearing (debt-equity ratio) of 0.69 times as on March 31, 2014 and moderate interest coverage ratio of 3.25 times in FY2013-14.

EEUPL faces intense competition prevalent in the pressure cooker industry.

Outlook: Stable

SMERA believes EEUPL will maintain a stable business risk profile in the near term on the back of its experienced management and established relations with wide dealership network. The outlook may be revised to 'Negative' in case of decline in the company's revenues and profit margins. Conversely, the outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and profitability.

About the company

EEUPL, incorporated in 1954, is a Noida-based company promoted by Mr. Rehan Elahi and Mr. Muzammil Anwar. EEUPL is engaged into manufacturing of Pressure Cooker. The company sells its product under the brand name of United. The company has one manufacturing unit in Noida (Uttar Pradesh).

For FY2013-14, EEUPL reported PAT of Rs.0.44 crore on net sales of Rs.36.28 crore, as compared with PAT of Rs.0.18 crore on net sales of Rs.15.34 crore for FY 2012-13. The company's net worth stood at Rs.6.54 crore as on March 31, 2014, as compared with Rs.3.65 crore a year earlier.

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Ekta Engineering Udyog Private Limited (EEUPL)

*Rating
Rationale*

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