

July 28, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	0.44	SMERA B/Stable (Assigned)
Cash Credit	5.00	SMERA B/Stable (Assigned)
Bank Guarantee	2.00	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B**' (read as SMERA single B) and **SMERA A4** (read as SMERA A four) to the Rs.7.44 crore bank facilities of Kalinga Cables & Conduit Co (Kalinga). The outlook is '**Stable**'. The rating is constrained by the firm's modest scale of operation in an intensely competitive segment of the Cables industry. The rating is also constrained by the firm's weak debt protection metrics. However, the rating is supported by the firm's experienced management.

Kalinga, established in 2005, is a New Delhi-based partnership firm engaged in the manufacturing of power cables, Single core industrial cables, PVC Conduit; casing and capping. Kalinga's modest operating scale is reflected in operating income of Rs.28.03 crore (provisional) in FY2013-14 (refers to financial year, April 01 to March 31). The firm operates in an intensely competitive segment of the cables and conduit industry. Kalinga's weak debt protection metrics are reflected in high leverage (debt-to-capital ratio) of 2.79 times as on March 31, 2014 and moderate interest coverage ratio of 1.82 times (provisional) in FY2013-14.

Kalinga benefits from its experienced management. The partners of the firm have around two decades of experience in the Cables and Conduit industry.

Outlook: Stable

SMERA believes Kalinga will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm registered sustained improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the firm's profitability and financial risk profile.

About the firm

Kalinga, established in 2005, is a New Delhi-based partnership firm promoted by Mr. Rajiv Sethi and Mr. Sudhir Sethi. Kalinga is engaged into manufacturing of power cables, Single core industrial cables, PVC Conduit; casing and capping

For FY2013-14, Kalinga reported profit after tax (PAT) of Rs.0.16 crore on operating income of Rs.28.03 crore, as compared with PAT of Rs.0.15 crore on operating income of Rs.22.41 crore in FY2012-13. The firm's net worth stood at Rs.2.86 crore as on March 31, 2014, as compared with Rs.2.71 crore a year earlier.

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