

July 30, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	2.70	SMERA B+/Stable (Assigned)
Cash Credit	2.50	SMERA B+/Stable (Assigned)
Letter of Credit	2.00*	SMERA A4 (Assigned)
Bank Guarantee	2.00*	SMERA A4 (Assigned)

*Letter of Credit and Bank Guarantee are interchangeable to the extent of Rs.0.35 crore

SMERA has assigned a long-term rating of '**SMERA B+**' (**read as SMERA B plus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Shanker Coils Private Limited (SCPL). The outlook is '**Stable**'. The ratings factor in the small scale of operations of the company, fluctuating profit margins due to cyclical in the coils industry and working capital intensive operations. However, the ratings derive comfort from the long standing experience of the promoters in the electrical coils industry and a reputed client base.

Outlook: Stable

SMERA believes SCPL will maintain a stable business risk profile in the medium term on account of its experienced management and reputed customer base. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while improving its profit margins. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected growth in revenues and profitability or if the financial risk profile deteriorates.

About the Company

SCPL, established in 1989 is a Kolkata-based company engaged in the manufacture of armature and stator coils used in the heavy engineering industry. The company also undertakes rendering, repairing and rebuilding services for the Indian Railways, Tata Steel, ONGC, SAIL among others. The company's manufacturing facilities are located at Budge Budge, West Bengal and the overall operations are managed by the Directors, Mr. Nikunj Bagaria and Nirmal Kumar Bagaria.

For FY2013-14, SCPL reported profit after tax (PAT) of Rs. (0.04) crore on total operating income of Rs.20.96 crore, as compared with PAT of Rs.0.34 crore on total operating income of Rs.20.43 crore in FY2012-13. SCPL's net worth stood at Rs.4.03 crore as on March 31, 2014, as compared with Rs.4.07 crore a year earlier. Further, the company reported PAT of Rs.0.24 crore (provisional) on operating income of Rs.22.92 crore (provisional) for FY2014-15.

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Contact List

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Pooja Ghosh Associate Vice President – Operations Tel: +91-33-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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