



SMERA RATINGS LIMITED

Shanker Coils Private Limited (SCPL)

Rating Rationale

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 cyclicity 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.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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*Rating
Rationale*

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