



SMERA RATINGS LIMITED

Shivani Locks Private Limited (SLPL)

Rating Rationale

August 28, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	16.00	SMERA B+/ Stable (Assigned)
Cash Credit	15.00	SMERA B+/ Stable (Assigned)
Letter of Credit	2.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA B+**) to the Rs.31.00 crore fund based bank facilities and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.2.00 crore non-fund based bank facilities of Shivani Locks Private Limited (SLPL). The outlook is '**Stable**'. The ratings are constrained by a weak financial risk profile and cyclicity inherent in the automobile industry. The ratings are also constrained by the competitive and fragmented nature of the latch lock manufacturing industry. Nevertheless, the ratings are supported by the company's experienced management and reputed clientele.

Outlook: Stable

SMERA believes SLPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' if the company registers lower-than-expected revenues and net cash accruals, or in case of deterioration in the company's financial risk profile and liquidity position.

Rating Sensitivity Factors

- Management of working capital funds
- Improvement in profitability margins

About the Company

SLPL, incorporated in 1988, is a Delhi-based company promoted by Mr. D. N. Kathuria. The company is engaged in the manufacture of automotive locking systems and has a reputed clientele including Tata Motors and Ford India Private Limited.

For FY2013-14, SLPL reported net loss of Rs.3.86 crore on total income of Rs.130.09 crore, as compared with net loss of Rs.1.12 crore on total income of Rs.151.32 crore in FY2012-13. The company has achieved revenue of Rs.132.29 crore (provisional) in FY2014-15. SLPL's net worth stood at Rs.10.77 crore as on March 31, 2014, as compared with Rs.13.70 crore a year earlier.

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