

August 28, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA BB/Stable (Assigned)
Term Loan	0.90	SMERA BB/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA BB**' (**read as SMERA double B**) to the Rs.5.90 crore fund based bank facilities of KSP Auto & Forge Private Limited (KAFPL). The outlook is '**Stable**'. The rating is supported by the firm's experienced management, healthy revenue growth, a diverse product portfolio and average financial risk profile. However, the rating is constrained by the modest scale of operations, volatility in raw material and finished goods prices, working capital intensive operation and intense competition in the sector.

Outlook: Stable

SMERA believes that the company will continue to benefit over the medium term from its experienced management and established market presence. The outlook maybe revised to 'Positive' if the company is able to widen its marketing network resulting in healthy revenue scalability. Conversely the outlook maybe revised to 'Negative' if the company's financial risk profile deteriorates on account of declining revenue and profitability weakening the above average financial risk profile of the company.

About the Company

Incorporated in 1993, the Gujarat-based KAFPL, initially a partnership firm was later converted into a private limited company in 2008. The company, promoted by Shri Kishor Kathrotia and his partner, Shri Satish Bera is engaged in the manufacture and supply of a wide range of forged components, auto parts, CNC turned components among others. The products find application in various industries such as automobile, oil and gas, home appliances, bearing and the railways. The company is ISO 9001:2008 certified and has its manufacturing unit at Rajkot, Gujarat.

For FY2013-14, KAFPL reported net profit of Rs.0.21crore on operating income of Rs14.08 crore, as compared with net profit of Rs.0.18 crore on operating income of Rs.16.53 crore in the previous year. For FY2014-15, the company reported net profit of Rs.0.54 crore (provisional) on operating income of Rs.18.48 crore (provisional). The company's net worth stood at Rs.3.48 crore as on March 31, 2014, as compared with Rs.3.26 crore a year earlier. As per provisional financials, the company's net worth stood at Rs.3.79 crore as on March 31, 2015.

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