

**August 28, 2015**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	15.00	SMERA D (Assigned)
Cash Credit -Adhoc	1.20	SMERA D (Assigned)
Working Capital Term Loan	15.00	SMERA D (Assigned)
Term Loan	0.36	SMERA D (Assigned)
Bank Guarantee	3.00	SMERA D (Assigned)

SMERA has assigned long-term rating of '**SMERA D' (read as SMERA D)** to the above mentioned bank facilities of Kavcon Engineers Private Limited (KEPL). The rating reflects delays in servicing of debt availed by the company. The rating also considers decline in revenue and incurrence of net losses reported by the company in FY2013-14 (refers to financial year, April 01 to March 31).

Rating Sensitivity Factors

- On time debt serviceability
- Scalability of operations and profitability

About the Company

KEPL, (the erstwhile M/s Kaveri Construction) was established as a partnership firm in 1982 and reconstituted as a private limited company in 2002. The company is engaged in the process of fabrication and/or galvanization of power transmission and telecommunication towers used by the Indian Railways, state electricity boards and telecommunication companies. The company is headed by Mr. Krishan Chopra and Mr. Govind Chopra Gopal, Directors, who manage the day-to-day operations of the company.

KEPL reported a net loss of Rs.5.44 crore on total revenue of Rs.28.34 crore in FY2013-14 as against a net loss of Rs.0.47 crore on income of Rs.64.24 crore in FY2012-13.

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.



SMERA RATINGS LIMITED

Kavcon Engineers Private Limited (KEPL)

*Rating
Rationale*

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