

Press Release

Nandi Powertronics Private Limited

24 January, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.5.80 Cr
Long Term Rating	SMERA B+/Stable (Assigned)
Short Term Rating	SMERA A4 (Assigned)

**Refer Annexure for details*

Rating Rationale

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs.5.70 crore fund based facility and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.0.10 crore non-fund based facilities of Nandi Powertronics Private Limited (NPPL). The outlook is '**Stable**'.

NPPL is engaged in the designing and manufacturing of machine tools.

List of key rating drivers and their detailed description

Weaknesses:

Modest scale of operations: The company has modest scale of operations marked by revenue of Rs.10.96 crore in FY2016 as against Rs.9.29 crore in FY2015.

Moderate financial risk profile: The financial risk profile is marked by moderate debt protection metrics, gearing levels and low net worth base. The interest coverage and debt service coverage ratios have been at 2.17 times and 0.97 times respectively in FY2016. The gearing levels of the company are at 1.59 times as on 31 March, 2016 and 1.76 times as on 31 March, 2015. The net worth base is at a low of around Rs.3.51 crore as on March 31, 2016. The company does not have any major capex plan over the medium term.

Working capital intensive business: The operations are working capital intensive marked by high gross current asset days of 230 in FY2016 as compared to 237 in FY2015. The inventory days are at 144 days in FY2016 as compared to 154 in FY2015 and debtors days stand at 72 in FY2016 as compared to 78 in FY2015. Also, the creditors stand at 229 days in FY2016 as compared to 184 days in FY2015.

Strengths:

Experienced management: The company's directors include Mrs. Latha Ramakrishna, Mr. H.N. Ramakrishnaiah and Mr. D. R. Haluvagilu who possess experience of over a decade in the electronic equipments industry.

Reputed clientele: Over the years, the company has been able to develop longstanding relations with reputed clients such as General Electric Plc, Schneider Electric, Yoko Gawa, Siemens to name a few.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company.

Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that NPPL will maintain a stable outlook in the medium term while benefitting from its experienced management and reputed clientele. The outlook may be revised to 'Positive' if NPPL scales up operations and profitability. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or if the working capital cycle further deteriorates.

About the Rated Entity

Established in 1996, the Bangalore-based NPPL is engaged in the designing and manufacturing of machine tools. For FY2016, NPPL reported profit after tax (PAT) of Rs.0.26 crore on total operating income of Rs.10.96 crore, as compared with PAT of Rs.0.25 crore on total operating income of Rs.9.29 crore in FY2015. The tangible net worth stands at Rs.3.51 crore in FY2016 as compared to Rs.3.16 crore in FY2015.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Open Cash Credit (OCC)/ Overdraft against Book Debts (ODBD)	Long Term	4.00	SMERA B+ / Stable (Assigned)	-	-	-	-	-	-
Proposed OCC/ODBD	Long Term	1.70	SMERA B+ / Stable (Assigned)	-	-	-	-	-	-
Bank Guarantee	Short Term	0.10	SMERA A4 (Assigned)	-	-	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. in crore)	Ratings/ Outlook
Open Cash Credit (OCC)/ Overdraft against Book Debts (ODBD)	N.A	N.A	N.A	4.00	SMERA B+ / Stable (Assigned)
Proposed OCC / ODBD	N.A	N.A	N.A	1.70	SMERA B+ / Stable (Assigned)
Bank Guarantee	N.A	N.A	N.A	0.10	SMERA A4 (Assigned)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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