

April 04, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit*	3.75	SMERA BB+/Stable (Assigned)
Term Loan	3.85	SMERA BB+/Stable (Assigned)
Letter of Credit	1.00	SMERA A4+ (Assigned)
Bank Guarantee	5.00	SMERA A4+ (Assigned)
Long Term Bank Facilities (Proposed)	0.90	SMERA BB+/Stable (Assigned)

*includes sub limit of bill discounting of Rs.1.00 crore

SMERA has assigned rating of '**SMERA BB+**' (read as SMERA double B plus) to the Rs.8.50 crore long-term (fund based) bank facility and '**SMERA A4+**' (read as SMERA A four plus) to the Rs.6.00 crore short-term (non-fund based) bank facility of Ambit Switchgear Private Limited (ASPL). The outlook is '**Stable**'. The ratings derive comfort from the company's experienced management and established relations with customers and suppliers. The ratings also factor in the comfortable financial risk profile and healthy order book. However, the ratings are constrained by the moderate operating income, working capital-intensive operations and cyclical nature of the infrastructure industry.

Outlook: Stable

SMERA believes that ASPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established association with customers and suppliers. The outlook may be revised to 'Positive' if the company registers strong growth in scale of operations while achieving sustained improvement in profit margins and working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure or stretch in the working capital cycle.

Rating Sensitivity Factors

- Debt funded capital expansion
- Improvement in the working capital cycle
- Sustainable increase in revenue and profitability profile

About the Company

The Uttar Pradesh-based ASPL was incorporated in 2005 by Mr Rakesh Jain and Mr. Anand Prakash Singhal to manufacture electrical panels such as power control centres, motor control centres, switchgear panels and compact substations.

For FY2014–15, the company reported profit after tax (PAT) of Rs.0.90 crore on operating income of Rs.41.71 crore, as compared with profit after tax (PAT) of Rs.1.32 crore on operating income of Rs.46.70 crore in FY2013–14. ASPL has reported operating income of Rs.31.36 crore (provisional) for nine months ended December 2015. The net worth of the company stood at Rs.14.24 crore as on March 31, 2015 against Rs.13.34 crore a year earlier.

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