



SMERA RATINGS LIMITED

# Sparkline Equipments Private Limited (SEPL)

*Rating  
Rationale*

**April 07, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA BB/Stable (Assigned)
Letter of Credit	12.00*	SMERA A4+ (Assigned)
Bank Guarantee	5.00#	SMERA A4+ (Assigned)

*\*Includes sublimit of Rs. 5.00 crore buyer's credit*

*#Maximum limit of non-fund based facilities not exceeding Rs. 15.00 crore.*

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.20.00 crore bank facilities of Sparkline Equipments Private Limited (SEPL). The outlook is '**Stable**'. The ratings draw comfort from the company's experienced management, established operational track record and reputed clientele. The ratings also factor in the company's moderate financial risk profile marked by low gearing and adequate debt protection metrics. However, the ratings are constrained by the company's low profitability which is susceptible to volatility in raw material prices and foreign exchange. The ratings are also constrained by the working capital intensive nature of operations and revenue volatility in an intensively capital goods industry.

## Outlook: Stable

SMERA believes SEPL will maintain a stable business risk profile over the medium term. The company will benefit from its experienced management and established relations with reputed clients. The outlook may be revised to 'Positive' in case the company registers higher than expected growth in revenues and profit margins while achieving efficient working capital management. The outlook may be revised to 'Negative' in case of decline in the profit margins or deterioration in the financial risk profile on account of higher-than-expected working capital requirements.

## Rating Sensitivity Factors

- Scaling up operations while maintaining adequate profit margins
- Effective working capital management

## About the Company

SEPL, incorporated in 1994, is a Pune-based company promoted by Mr. S. A. Doshi and Mrs. Vrushali Doshi. The company is engaged in the designing, manufacturing, testing, erection and commissioning of electric overhead travelling (EOT) cranes, electric wire rope hoists and other material handling equipments.

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In FY2014-15, SEPL reported net profit of Rs.0.76 crore on operating income of Rs.43.83 crore, as compared to net profit of Rs.0.49 crore on operating income of Rs.49.15 crore in the previous year.

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