

K-Sambhav Powertronics Private Limited (KSPPL): Assigned

Name of the Instruments	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	1.50	SMERA B/Stable (Assigned)
Overdraft Bill discounting	1.50	SMERA B/Stable (Assigned)
Bank Guarantee/Letter of Guarantee	2.50	SMERA A4 (Assigned)
Letter of Credit	0.50	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B' (read as SMERA B)** and short term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.6.00 crore bank facilities of K-Sambhav Powertronics Private Limited (KSPPL). The outlook is '**Stable**'.

The ratings are constrained by the small scale of operations and weak financial risk profile marked by high gearing and low profitability margins. Further, the ratings are also constrained by the competitive and fragmented of energy and power industry. However, the aforementioned weaknesses are partially offset by the company's experienced management and reputed clientele.

KSPPL's small scale of operations are marked by the low topline of the company which stands at Rs.5.83 crore in FY2014-15 as compared with Rs.5.77 crore in FY2013-14. The weak financial profile is marked by high gearing of 3.06 times in FY2014-15 as compared with 3.11 times in FY2013-14. The company registered profit after tax margins of 0.28 per cent in FY2014-15 as against 0.72 per cent in FY2013-14.

However, the company was promoted by Mr. A.K. Raina who possesses experience of over two decades in the energy and power industry. The company boasts of reputed clientele including Bihar State Electricity Board and Uttaranchal Power Corporation Limited among others.

Outlook: Stable

SMERA believes that the outlook of KSPPL will remain stable owing to the extensive experience of the promoters in the business. The outlook may be revised to 'Positive' if the company is able to scale up operations with improvement in profitability margins. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Scaling up operations while improving margins
- Efficient working capital management

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company:

The Delhi-based KSPPL, incorporated in 1996 by A.K Raina is engaged in the manufacture of distribution transformers, servo voltage stabilisers, power transformers among others.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.02 crore on operating income of Rs.5.83 crore, as compared with profit after tax (PAT) of Rs.0.04 crore on operating income of Rs.5.77 crore in FY2014. The net worth stood at Rs.0.99 crore as on March 31, 2015 against Rs.0.98 crore a year earlier.

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ABOUT SMERA

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