

Swastik Electrotech Private Limited: Assigned

Name of the Instruments	Amount (Rs. Crore)	Rating
Bank Guarantee	6.50	SMERA A4+ (Assigned)
Short Term Bank Limit (Proposed)	5.50	SMERA A4+ (Assigned)

SMERA has assigned short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the above mentioned bank facilities of Swastik Electrotech Private Limited.

The rating continues to be supported by the company's long track record of operations and moderate financial risk profile. The rating also draws comfort from the experienced management and established business relationships. However, the rating continues to be constrained by the working capital intensive operations and intense competition in the cable and wire industry.

SEPL has moderate financial risk profile marked by gearing (debt/equity) of 0.12 times in FY2014-15 as compared to 0.12 times a year earlier. The interest coverage ratio has been healthy at 21.59 times in FY2014-15 as against 29.24 times in FY2013-14 and DSCR of 15.40 times in FY2014-15 as compared to 20.95 times a year earlier. The current ratio of the company stands at 1.42 times in FY2014-15 as against 1.30 times in FY2013-14. The operating margin of SEPL stands at 4.95 percent in FY2014-15 as against 6.18 percent in FY2013-14 in the previous year. The company's net profit margin (PAT margin) stands at 3.94 percent in FY2014-15 as compared to 4.27 percent in FY2013-14.

SEPL benefits from its experienced management. Mr. Narinder Kumar, Director, has more than two decades of experience in facility management. Further, the company has long term association with its customers. SEPL operates in a highly competitive industry.

Rating Sensitivity Factors

- Sustained improvement in scale of operations
- Maintaining profitability margins
- Efficient working capital management
- Executing large projects

About the Company

The New Delhi-based SEPL is engaged in facility management. The company, promoted by Mr. Narinder Kumar, reported profit after tax (PAT) of Rs.3.23crore on operating income of Rs.81.92 crore in FY2014-15 as compared to PAT of Rs.3.48 crore on operating income of Rs.81.47 crore a year earlier. The net worth stood at Rs.10.98 crore for FY2014-15.

Contacts:

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ABOUT SMERA

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