

Sahasra Electronics Private Limited: Assigned

| Facilities | Amount (Rs. Crore) | Ratings/Outlook |
|---|--------------------|------------------------------|
| Packing Credit/Packing Credit in Foreign Currency/FBD/FBE/BRD | 7.50* | SMERA BBB-/Stable (Assigned) |
| Inland Letter of Credit/Foreign Letter of Credit | 0.50 | SMERA A3 (Assigned) |

**Sub-limit of Rs. 6.50 in the form of PC/PCFC*

SMERA has assigned a long term rating of **SMERA BBB- (read as SMERA triple B minus)** to the Rs.7.50 crore bank facility and short term rating of **SMERA A3 (read as SMERA A three)** to the Rs.0.50 crore bank facility of Sahasra Electronics Private Limited (SEPL). The outlook is **Stable**.

SMERA has consolidated the business and financial risk profiles of Sahasra Electronics Private Limited (SEPL), Infopower Technologies Limited (ITL), Nano Eletrotech Private Limited (NEPL) and Sahasra Electronics (Rwanda) Private Limited (SERPL) together referred to as the Sahasra Group. The consolidation is in view of the common ownership and operational linkages within the group.

The ratings draw support from the comfortable financial risk profile marked by healthy profitability indicators and coverage indicators. The ratings also derive comfort from the experienced management, well established track record and business synergies of the group.

However, the ratings are constrained by the modest scale of operations and working capital intensive business. The ratings also factor in the intense market competition in the electronic components industry and substantial concentration of the group's revenues in the United States.

The Sahasra group reported gearing of 0.23 times as on 31 March, 2016 as compared to 0.20 times as on 31 March, 2015 on account of a healthy net worth of Rs.47.86 crore on 31 March, 2016 as compared to Rs. 40.05 crore on 31 March, 2015. The operating margin of the group improved substantially from 14.24 per cent in FY2015 to 19.37 per cent in FY2016 on account of increased sales of high value added products. The Interest Coverage Ratio also improved from 12.89 times in FY2015 to 17.74 times in FY2016.

The group has a track record of over three decades and has recently ventured into the manufacturing of USB drives for leading brands like Hewlett Packard and Sony.

The group's operating income is modest at Rs.82.37 crore in FY2016 against Rs.61.52 crore in FY2015. The consolidated Gross Current Asset days are high and increased from 186 days in FY2015 to 191 days in FY2016 due to 39 per cent increase in total inventory.

The company operates in a highly competitive electronic component industry. The group exports over 60 per cent of its products to United States thus exposing itself to fluctuations in forex rates.

Outlook: Stable

SMERA believes that the Sahasra Group will maintain a Stable outlook on account of its comfortable capital structure and healthy profitability indicators. The outlook may be revised to 'Positive' in case of sustained improvement in scale of operations while maintaining its profitability indicators. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in gearing and profitability indicators.

Rating Sensitivity Factors

- Sustained increase in scale of operations
- Movement in profitability indicators

Criteria applied to arrive at the ratings:

- Manufacturing Entities
- Consolidation

About the Company

SEPL was incorporated in 2001 by Mr. Amrit Lal Manwani, Mr. Vasudeo Narayan Kabadi and Ms. Varsha Manwani. The company is engaged in the manufacturing of electronic assembly products and populated printed circuit boards and mainly caters to clients in US, Netherland, England and Canada.

In FY2016, the company reported profit after tax (PAT) of Rs.7.09 crore on operating income of Rs.52.32 crore against PAT of Rs.2.74 crore on operating income of Rs.40.20 crore in FY2015. The net cash accruals increased to Rs.8.65 crore in FY2016 from Rs.4.61 crore in FY2015.

About The Sahasra Group

The Sahasra Group was founded by Mr. Amrit Manwai in 1984. The group is engaged in the manufacture of printed circuit boards, LED lighting and IT products among others. The group has four manufacturing facilities – two in Noida SEZ, one in Noida and one in Rwanda.

In FY2016 the group reported PAT of Rs.7.46 crore on operating income of Rs.82.37 crore against PAT of Rs.3.36 crore on operating income of Rs.61.52 crore in FY2015. The net cash accruals increased from Rs.7.19 crore in FY2015 to Rs.11.17 crore in FY2016.

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ABOUT SMERA

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