## Kulja Industries Limited: Assigned

| Facilities | Amount (Rs. Crore) | Ratings/Outlook |
|---|---|---|
| Cash Credit | 6.00 | SMERA B/Stable (Assigned) |
| Bank Guarantee | 2.00 | 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)** on the Rs.8.00 crore bank facilities of Kulja Industries Limited (KIL). The outlook is **'Stable'**.

The ratings are constrained by the low scale of operations and weak financial risk profile marked by low coverage indicators and profitability. The ratings are also constrained by the highly competitive and fragmented pipe industry. However, the ratings draw support from the experienced promoters and reputed clientele.

KIL, incorporated in 2000 is engaged in the manufacture of HDPE Pipes, telecom ducts, sprinklers among others. The scale of operations is modest with revenue of Rs.10.30 crore in FY2016 and Rs.10.22 crore in FY2015. The weak financial risk profile is marked by low interest coverage ratio of 1.19 times in FY2016 as against 1.15 times in the previous year. The profitability margins stand low at 0.21 percent in FY2016 as compared to 0.25 percent in FY2015. The company has high GCA days of 483 in FY2016 as compared to 571 days in FY2015. The gearing ratio stands moderate at 1.04 times in FY2016 as against 1.21 times in FY2015. Also, the company faces intense competition in the pipe industry.

However, the promoters Mr. Saurav Sharma, Mr. Lalit Gupta and Mr. Opender Krishan Dhar have more than a decades experience in the industry. The company has reputed customers such as Bharat Broadband Nigam Limited, Bharat Sanchar Nigam Limited (BSNL), Bharti Airtel, Railtel Corporation of India Ltd among others. Also, its suppliers comprise GAIL, Indian Oil Corporation and Reliance for procurement of plastic granules used as raw material for manufacture of HDPE and MDPE pipes.

### Rating Sensitivity Factors

- Scaling up of operations while managing working capital funds
- Improvement in the financial risk profile

### Outlook-Stable

SMERA believes that the company's outlook will remain stable owing to the long track of operations and experienced management. The outlook may be revised to 'Positive' in case the company registers substantial growth in revenue and capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

### Criteria applied to arrive at the ratings:

- Manufacturing Entities

### About the Company

Kulja Industries Limited was incorporated in 2000 at Solan, Himachal Pradesh. The company is engaged in the manufacture of HDPE Pipes, telecom ducts, MDPE pipes and sprinklers and has an installed capacity of 6180 tonnes per annum.

In FY2015-16, the company achieved Profit after Tax (PAT) of Rs.0.02 crore on operating income of Rs.10.30 crore as compared to PAT of Rs.0.03 crore on operating income of Rs.10.22 crore a year earlier. The net worth stood at Rs.6.61 crore in FY2015-16 as compared to Rs.6.59 crore a year earlier.

**Contacts:**



| Analytical | Business Development |
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## ABOUT SMERA

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