

## Press Release

Shri Krsna Urja Project Private Limited

March 08, 2023



### Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.25	ACUITE B+   Reaffirmed & Withdrawn	-
Bank Loan Ratings	10.00	-	ACUITE A4   Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	16.25	-	-

### Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.16.25 Cr bank facilities of Shri Krsna Urja Project Private Limited (SKUPPL).

The rating has been withdrawn on account of the request received from the company and NOC received from the banker on Acuite's policy of withdrawal of ratings

#### Rationale for Rating:

Acuite takes into account the fact the extensive experience of the promoters of the company Mr. Ajay Kumar Sanghi and Mr. Rajan Kumar Sanghi who possess more than 4 decades of experience in the different industries such as automobile, logistics, power, finance and construction industry. The revenues of the company has increased in FY 22 to Rs. 71.83 crore as against Rs. 44.93 crore in FY 21, however, the margins of the company has declined due to the rise in raw material costs which the company was not able to pass on to the customers. The liquidity profile of SKUPPL is stretched marked by net cash accruals of Rs. 3.64 crore as on 31 March 2022 as against the debt repayment of Rs. 3.88 crores.

#### About the Company

Jaipur-based, Shri Krsna Urja Project Private Limited (SKPL) was incorporated in 1994 by Mr. Ajay Kumar Sanghi and Rajan Kumar Sanghi. The company is engaged in the manufacturing of galvanized steel Structures, transmission line structures, solar pump structures, among others. Further, the company is also into logistics business; it provides transportation services to Maruti Suzuki India Limited (MSIL) and Mahindra Logistics Limited.

#### Analytical Approach

Acuite has taken the standalone view of the business and financial risk profile of Shri Krsna Urja Project Private Limited for arriving at this rating.

#### Key Rating Drivers

## Strengths

### Experienced management and established track record of operations

SKUPPL was established as Sanghi Engineers in 1974 and later in 1995, it was converted into private limited company. The promoters of the company Mr. Ajay Kumar Sanghi and Mr. Rajan Kumar Sanghi possess more than 4 decades of experience in the different industries such as automobile, logistics, power, finance and construction industry. SKUPPL has two lines of business – manufacture and supply of galvanized steel structures for use in telecom, power sector (transmission, distribution, solar power segment); also into logistics operations. SKUPPL is an authorized logistics service provider for MSIL for nearly three decades; further, SKPL is also associated with Mahindra Logistics Ltd. Established operations coupled with rich experience of the promoters in the industry have helped the company to maintain long-standing relations with the customers and in improving its revenue profile.

Acuité believes that the company will continue to derive benefit from its experienced management and established market position over the medium term.

### Increase in operating revenues:

The operating income of the company stood at Rs. 71.83 crore in FY2022 as against Rs. 44.93 crore in FY2021. The company is generating revenues from two divisions i.e., sale of steel structure items generating Rs. 37.30 Crores and Sale of services from Transportation receipts Rs. 34.53 Crores. In FY 2023, the revenue has been estimated for Rs. 75-78 Crores. Sales upto 15th Feb 23 has been Rs. 70 Crores.

## Weaknesses

### Liquidity Profile: Stretched

Liquidity of SKUPPL is stretched marked by net cash accruals of Rs. 3.64 crore as on 31 March 2022 as against the debt repayment of Rs. 3.88 crores as compared to the net cash accruals of Rs. 3.67 crores as on 31 March 2021 as against the debt repayment of Rs. 4.33 crores. The cash balance declined to the balances of Rs.0.06 crore as on 31 March 2022. The current ratio stood at 1.63 times. Further, NCA/TD (Net Cash Accruals to Total Debt) stood at 0.18 times as against 0.16 times in FY 2021.

### Decline in Margins

The EBITDA margins have been declined i.e., 7.41% in FY 22 as against 13.05% in FY 21. The decline is due the rise in raw material and diesel cost which the company was not able to pass on to its customers. The revenue for the current year FY 23 has been estimated for Rs. 75-78 Crores. Sales upto 15th Feb 23 has been Rs. 70 Crores.

### Rating Sensitivities

Not Applicable

### Material covenants

None

### Liquidity Position

#### Stretched

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### Outlook

Not Applicable

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	71.83	44.93
PAT	Rs. Cr.	0.12	0.05
PAT Margin	(%)	0.16	0.11
Total Debt/Tangible Net Worth	Times	0.88	1.22
PBDIT/Interest	Times	3.00	2.47

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Dec 2021	Proposed Bank Facility	Long Term	1.25	ACUITE B+   Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE B+   Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A4 (Reaffirmed)
17 Sep 2020	Cash Credit	Long Term	5.00	ACUITE B+   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	1.25	ACUITE B+   Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A4 (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE B+   Reaffirmed & Withdrawn
ICICI Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE A4   Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	1.25	ACUITE B+   Reaffirmed & Withdrawn

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### About Acuité Ratings & Research

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