

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4+' Ratings for Bank Loan facilities aggregating to ₹ 14.86 Crores of Ambit Switchgear Private Limited

Brickwork Ratings (BWR) has assigned following **Ratings**¹ for Bank Loan facilities of Ambit Switchgear Private Limited (ASPL or "the company"):

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based:			
Cash Credit	3.75	Long Term	BWR BB+ (BWR Double B Plus) Outlook: Stable
Term Loan	5.11		
Non Fund Based:			
Letter of Credit	1.00	Short Term	BWR A4+ (BWR A Four Plus) Outlook: Stable
Bank Guarantee	5.00		
Total	14.86	INR Fourteen Crores Eighty Six Lakhs Only	

BWR has essentially relied upon the audited financial results of ASPL upto FY14, projected financial statements upto FY17 and information/clarifications provided by the management of the company.

The ratings draw strength from the experience of the promoters, reputed client base, low customer concentration risk, strong interest coverage indicators, and short cash conversion cycle. However, the ratings are constrained by declining operating profit margins, modest scale of operations and tangible network and presence of the company in an industry which is highly competitive.

Background:

ASPL was incorporated in 2005 at Noida. The promoters of the company are Mr Rakesh Jain, Mr HK Wadhwa & Mr Anand Singhal. Mr Rakesh Jain & Mr Anand Singhal oversee the day to day operations of the business.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Business Operations:

ASPL is a manufacturer of all types of Electrical Panels such as Power Control Centres, Motor Control Centres, Switchgear Panels and Compact Substations. The company operates from 2 manufacturing facilities – own unit of 8000 square metres and a rented unit spanning 25000 square metres. The company has state of the art machinery for its entire manufacturing operations which include the fabrication Unit, Powder Coating Unit and Assembly & Wiring Section. ASPL is the authorized system house for ABB Limited and the authorized system integrator for DEIF, Denmark and Socomec, France.

Financial Performance:

As per audited financial statements for FY14, ASPL reported Net Operating Income of Rs.46.53 Crs., Operating Profit before Depreciation, Interest and Tax (OPBDIT) of Rs. 3.72 Crs. and Profit after Tax (PAT) of Rs.1.32 Crs. Tangible Networth as on 31st March, 2014 was Rs.13.34 Crs.

Rating Outlook:

The outlook for the company is expected to be stable for the next one year. Going forward, the ability of the company to achieve its projected revenue, improve its scale of operations and stabilize its operating profit margin will be the key rating sensitivities.

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