

Rating Rationale

Brickwork Ratings Reaffirms the Rating to 'BWR BB-/A4' for the Bank Loan facilities aggregating to ₹11.50Cr of Creative Power Engineers Pvt. Ltd.

Brickwork Ratings has reaffirmed the following **Ratings**¹ for Bank Loan Facilities amounting to ₹11.50 Crores of Creative Power Engineers Pvt. Ltd sanctioned by Canara Bank.

Facility	Limits (₹ Cr)		Tenure	Rating History	Rating
	Previous	Present			
Fund Based Overdraft BG	2.50 8.00	2.50 8.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) (Outlook: Stable)	BWR BB- (Pronounced BWR Double B Minus) (Outlook: Stable) Reaffirmed
Non Fund Based Letter of credit	1.00	1.00	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) Reaffirmed
Total	11.50	11.50	INR Eleven Crores Fifty Lakhs only		

BWR has principally relied upon the audited financial results up to FY15, revenue estimates of FY16 and the publicly available information/clarifications provided by the company's management.

The rating continues to factor the experience of the directors in the business, long existence of the company, low gearing coupled with moderate debt protection metrics in FY15, reputed client base and the increased revenue in FY16. The ratings are however, constrained by low profitability margins on account of tender base contracts from government, low net worth and high operating days cycle due to high days receivables mainly from government entities.

Background:

The company "Creative Power Engineers Pvt Ltd" formerly known as "Power Engineers" was established in the year 1986 in Bangalore. It mainly undertakes the activity of commissioning and erection of the electrical equipment's for various industries. It also does civil and mechanical works and even supplies the electrical components for the jobs. The company is located in Bangalore and does contract works in Karnataka and Andhra Pradesh. It undertakes jobs like erection and commissioning of transformers, switchyard, switch gear panels, cabling, earthing etc. It has executed projects for reputed companies like BEML, Bharat Forge, ITC Bhadrachalam Paper Boards, Karnataka Telecom etc.

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

Financial Performance:

During FY15, the total revenue of the company was ₹12.81 crores. The debt equity ratio is 0.44 times. The tangible net worth is ₹5.15 Crores as at 31st March, 2015.

Rating Outlook:

Going forward, the ability of the company to sustain and improve its revenue, manage its operating cycle, broad base customers and improve its profitability will be the key rating sensitivities.

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