

JANUARY 16, 2015

## CARE ASSIGNS CARE C (FD) RATINGS TO THE FIXED DEPOSIT PROGRAMME OF KIRLOSKAR ELECTRIC COMPANY LTD

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities – Fund-based	56	CARE C (FD) [Single C (Fixed Deposit)]	Assigned
<b>Total Facilities</b>	<b>56</b>		

**Rating Rationale**

The ratings assigned to the Fixed Deposit Programme of Kirloskar Electric Company Limited (KECL) factors in the stretched liquidity position of the company as evidenced in the instances of devolvement of Letter of Credit (LC) commitments and overdrawals in cash credit account since September 2014 notwithstanding the company meeting its fixed deposit (FD) obligations in a timely manner.

**Background**

Kirloskar Electric Company Limited (KECL) headquartered in Bangalore was incorporated in 1946 and is one of the leading players in the domestic electric equipment industry. The company's product lines is spread across various segments of the industry namely rotating machines, static equipment, switchgears, transformers and transmission lines which find application in wide range of industries such as power generation, steel, cement, sugar, textile, mining, paper, petro-chemical plants, and public services such as railways and defense.

KECL is engaged in the manufacturing of AC Motors, DC Motors, Transformers, Switchgear and Electronics through its manufacturing units located at Govenahalli (Karnataka), Hubli (Karnataka), Mysore (Karnataka), Tumkur (Karnataka), Pune (Maharashtra), Gurgaon (Haryana) and Jaladulagarh (Kolkata). The day to day operations of the company are looked after by Mr Vijay Kirloskar (Chairman), who is adequately supported by a group of professionals having rich business experience.

KECL registered a net loss of Rs.41 crore (FY13 [refers to the period April 1 to March 31]: PAT of Rs.4.2 crore) on total income of Rs.679.8 crore (FY13: Rs.801.9 crore). During H1FY15 KECL made a net loss of Rs.49.9 crore on a total income of Rs.251.3 crore.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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