

AUGUST 12, 2015
CARE REVISES THE RATING ASSIGNED TO THE LONG TERM BANK FACILITIES AND ASSIGNS 'CARE A3' RATING TO THE SHORT TERM BANK FACILITIES OF KSH INTERNATIONAL PRIVATE LIMITED
Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	46.43 (enhanced from 27.93)	CARE BBB (Triple B)	Revised from CARE BBB- [Triple B Minus]
Short-term Bank Facilities	10.00	CARE A3 (A Three)	Assigned
Total Facilities	56.43 (Rupees Fifty Six Crore and Forty Three Lakh Only)		

Rating Rationale

The revision in the long-term rating assigned to the bank facilities of KSH International Private Limited (KSH) takes into account the improvement in operating efficiency and profitability, increase in diversification with addition of new products and enhanced focus on value-added products along with the company's recent certification as an approved vendor for Indian Railways. The ratings continue to derive strength from the strong and experienced promoter group, long association with reputed and diversified customer base across various geographies.

The ratings, however, continue to remain constrained by the exposure of operating margins to fluctuation in copper prices, high dependence on the power sector, exposure to group companies and moderate capital structure and debt coverage indicators.

Ability of the company to increase its scale of operations while maintaining profitability margins, efficient working capital management and diversification across end user industries remains the key rating sensitivities.

Background

KSH was promoted by Mr Kushal S Hegde and incorporated in July 1979 as Bhandary Metal Extrusions Private Limited and was later rechristened to its present name. The company, based in Pune manufactures insulated copper conductors, which include Continuously Transposed Cables (CTC), Paper Insulated Copper Conductors (PICC), wrapped and enameled rectangular copper/aluminum magnet winding wires and other specialty conductors. The company undertakes manufacturing of these wires on a customized basis and supplies them to the domestic as well as international clients located in the Middle East, Japan, Bangladesh and Europe. The products of the company find application in all types of transformers, large motors, hydro generators, alternators and wind mill generators.

KSH has two manufacturing facilities, one in Mumbai and one in Pune. The combined capacity of both units is 11,600 Metric Tonne Per Annum (MTPA).

During FY15 (refers to the period April 1 to March 31), KSH reported PAT of Rs.7.25 crore on a total operating income of Rs.233.07 crore as compared to PAT of Rs.5.32 crore on a total operating income of Rs.214.02 crore during FY14.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Analyst Contact

Name: Leena Marne

Tel: 020-4000-9087

Email: leena.marne@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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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.

CONTACT**Head Office Mumbai****Mr. D.R. Dogra**

Managing Director

Mobile: +91-98204 16002

E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Mobile: +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating

Mobile: +91-9819009839

E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069

Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajjan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,

Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 - 94139 69100

Tel: +91-141-402 0213 / 14

E-mail: harshraj.sankhla@careratings.com

KOLKATA**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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