

SEPTEMBER 01, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF KSH INTERNATIONAL PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long- term Bank Facilities	56.29 (enhanced from 46.43)	CARE BBB (Triple B)	Reaffirmed
Short- term Bank Facilities	10.00	CARE A3 (A Three)	Reaffirmed
Total Facilities	66.29 (Rupees Sixty Six crore and Twenty Nine lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of KSH International Private Limited (KSH) continue to derive strength from the strong and experienced promoter group, long association with a reputed and diversified customer base across various geographies, enhanced focus on value-added products along with the company's recent certification as an approved vendor for Indian Railways. The ratings also take into account the improvement in scale of operations, operating efficiency and decrease in exposure to group companies by way of divestment of subsidiaries / associate companies.

The ratings are constrained by the exposure of operating margins to fluctuation in copper prices, high dependence on the power sector as the end user industry, moderate capital structure and debt coverage indicators.

The ability of the company to increase its scale of operations while maintaining profitability, efficient working capital management and diversification across end user industries are the key rating sensitivities. The ratings are also sensitive to the ability of the company to maintain the capital structure post the proposed debt funded capital expenditure.

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

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

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 about 14,000 Metric Tonnes Per Annum (MTPA).

During FY16 (refers to the period April 1 to March 31), KSH reported PAT of Rs.14.79 crore (including extra ordinary income of Rs.8.97 crore) on a total operating income of Rs.294.21 crore as compared to PAT of Rs.7.25 crore on a total operating income of Rs.233.07 crore during FY15.

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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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