

SEPTEMBER 27, 2016

## CARE ASSIGNS 'CARE B+' AND 'CARE A4' RATINGS ASSIGNED TO BANK FACILITIES OF NORTHERN POWER ERECTORS LIMITED

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	14	<b>CARE B+ (Single B Plus)</b>	Assigned
Short term Bank Facilities	4	<b>CARE A4 (A Four)</b>	Assigned
<b>Total Facilities</b>	<b>18 (Rupees Eighteen crore only)</b>		

### Rating Rationale

The ratings assigned to the bank facilities of Northern Power Erectors Limited (NPTEL) are primarily constrained by modest scale of operations, weak financial risk profile marked by low profitability margins, leveraged capital structure, weak coverage indicators, working capital intensive nature of operations and low order book position. The ratings are further constrained by its presence in the highly competitive industry and raw material price volatility.

The ratings, however, take comfort from the experienced management and growing scale of operations.

Going forward, the ability of the company to increase its scale of operations while improving its profitability margins, capital structure and effectively managing the working capital requirements would be the key rating sensitivities.

### Background

New Delhi-based, NPTEL is a closely held public limited company originally incorporated in 1986 as Northern Power Erectors Private Limited. The name was and constitution was revised to present one in May, 1993. The company is currently being managed by Mr V S Mittal and Mr N S Mittal. The company is engaged in manufacturing of hydro turbine and generator parts like S.S. rings, turbine runners, guidevane housing, etc. The company is also engaged in servicing and maintenance of hydro power stations. The process of the company is ISO 9001:2008 certified. The raw material required for manufacturing products include electrodes, wires, screws, bearings, studs, etc. which are procured from traders and manufacturers located in Delhi, Meerut, Gujarat, Mumbai, Ghaziabad, etc.

In FY15 (refers to the period April 1 to March 31), the company achieved a total operating income (TOI) of Rs.81.55 crore with net loss of Rs.0.06 crore. Furthermore, in FY16, the company achieved total operating income of Rs.85 crore (based on provisional results).

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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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