

Santosh Enterprises

Instrument	Amount	Rating Action
Long term, fund based limits – Cash Credit	Rs. 2.75 crore	[ICRA] B assigned
Long term – Unallocated	Rs. 0.20 crore	[ICRA] B assigned
Short term, fund based limits	Rs. 4.00 crore	[ICRA] A4 assigned

ICRA has assigned a long term rating of [ICRA]B (pronounced ICRA B) and short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 6.95 crore¹ bank facilities of Santosh Enterprises (“SE”, “The Firm”).²

The assigned rating favorably factors in the long standing experience of the promoters in the metal fabrication industry; the firm’s established relationship with reputed client; and its comfortable capital structure owing to healthy net worth position. The rating is, however, constrained by firm’s high dependence on the requirements of its major client WWIL for orders with ~70-80% revenues coming from WWIL — exposing its revenues to volatility in the domestic windmill industry. The firm has reported significant de-growth in its operating income in FY2015 owing to decrease in order inflow from WWIL on account of WWIL’s production being stuck due to labour union strike. However, the order inflow has increased in FY2016 resulting in growth in operating income. Though, overall the scale of operation of the firm continues to remain small. The firm has healthy order book position of ~Rs. 28.00 crore which provides revenue visibility for medium term. The working capital position of the firm remained stretched owing to elongated receivable cycle. The firm’s margins are also exposed to input price fluctuations owing to fixed price contracts. Going forward scaling up operations by diversifying its client base to reduce revenue volatility and managing working capital efficiently will remain key rating sensitivities.

Company Profile

Established in 1990, Santosh Enterprises (SE) is a proprietorship concern and is engaged in fabrication of steel structural installation components like angle, channel, plates, railings and gallery mainly used in wind mills supplied by Wind World India Limited (WWIL) erstwhile Enercon India Limited. The firm operates through its fabrication and galvanization units at Ambad and Gonde, Nashik, with a total installed capacity of 2,400 MT per annum. Santosh enterprises outsource galvanized work to Vir electro Engineering Private Limited.

June 2016

For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)

subrata@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)

jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA’s current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided ‘as is’ without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

¹ 1 crore = 100 lakh = 10 million

² For complete rating definition, please refer to ICRA website www.icra.in or any of the ICRA Rating Publications.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500