

JUNE 16, 2016

## CARE ASSIGNS 'CARE A- (SO)' AND 'CARE A2 (SO)' RATINGS TO THE BANK FACILITIES OF HI-POWER ELECTRICAL INDUSTRIES

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	7.50	<b>CARE A- (SO) [A Minus (Structured Obligation)]</b>	Assigned
Short term Bank Facilities	2.00	<b>CARE A2 (SO) [A Two (Structured Obligation)]</b>	Assigned
Long /Short-term Bank Facilities	34.50	<b>CARE A- (SO) / CARE A2 (SO) [Single A Minus (Structured Obligation) / A Two (Structured Obligation)]</b>	Assigned
<b>Total Facilities@</b>	<b>44.00 (Rupees Forty Four Crore only)</b>		

@ The facilities are backed by unconditional and irrevocable corporate guarantee extended by Sealwel Corporation Private Limited (rated 'CARE A-', 'CARE A2').

**Rating Rationale**

The ratings assigned to the bank facilities of Hi-Power Electrical Industries are based on the credit enhancement in the form of unconditional and irrevocable corporate guarantee provided by Sealwel Corporation Private Limited (rated 'CARE A-', 'CARE A2').

The ratings assigned to the bank facilities of Sealwel Corporation Private Limited (SCPL) derive comfort from experienced and resourceful promoters with established track record, healthy growth in the total operating income, comfortable overall financial risk profile, efficient working capital management and moderate order book position from reputed clients.

The ratings are, however, constrained on account of relatively small scale of operations, tender-based nature of operations in an intensely competitive power transmission and distribution industry with presence of many unorganized players.

The ability of the company to scale up its operations, maintain comfortable working capital cycle with sustainable profitability margin and comfortable capital structure are the key rating sensitivities.

**Background**

Hi-Power Electrical Industries (Hi-Power) is a partnership firm promoted by Mrs B Manohari and Mrs B Lakshmi in 2003. The CEO of the firm is Mr B.V. Nagaraju. Hi-Power belongs to Sealwel group. The firm is engaged in the manufacturing of distribution transformer and its allied products such as Single Phase Oil Filled Distribution Transformer (5 KVA - 37.5 KVA), Three Phase Oil Filled Distribution Transformer (15 KVA - 1000 KVA), Micro Controller based Feeder Logic Controller for Sub Stations and Micro Controller based Timer Controller, etc. The firm has two manufacturing units with capacity

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

to manufacture 9,000 transformers per annum Patanchery at Medak District and Jeedinetla at R.R. District. The clientele of the firm include Telangana Central Power Distribution Company Limited (TCPDCL), Telangana Northern Power Distribution Company Limited (TNPDC), Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL), Andhra Pradesh Eastern Power Distribution Company Limited (APEPDCL), Hubli Electricity Supply Company Limited (HESCOM), Chamundeshwari Electricity Supply Corporation Limited (CESCOM), Nagarjuna Construction Company Limited, Sealwel Corporation Private Limited (SCPL; rated 'CARE A-', 'CARE A2'), Maharashtra State Electricity Distribution Co Ltd (MSEDCL), Pavani Controls & Panel Limited and PEC Electrical Private Ltd, etc.

During FY16 (Provisional; refers to the period April 1 to March 31), Hi-Power has reported PAT of Rs.7.91 crore on a total operating income of Rs.84.51 crore as against PAT of Rs.4.14 crore on a total operating income of Rs.65.94 crore in FY15.

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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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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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