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September 14, 2010

**CARE ASSIGNS 'CARE BBB' AND 'PR3' RATINGS TO BANK FACILITIES  
OF SKY APPLIANCES LTD.**

**Rating Assigned**

<b>Instrument</b>	<b>Amount (Rs. crore)</b>	<b>Rating<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	200.00	'CARE BBB' [Triple B]	Assigned
Short-term Bank Facilities	150.00	'PR3' [PR Three]	Assigned
<b>Total Facilities</b>	<b>350.00</b>		

**Rating Rationale**

The ratings derive strength from strong promoter support, increased turnover in FY09, diversified product range, availability of a strong dealer network for its products and increased demand for consumer electronics due to rising per capita income.

The ratings are however constrained by high gearing levels, relatively low PAT margins, high working capital utilization and increased competition in the consumer electronics business.

Maintaining profitability in the face of increasing competition in the consumer electronics business and improving gearing levels are the key rating sensitivities.

**Company Profile**

Incorporated in 2004, Sky Appliances Ltd. (SAL) is a part of the US\$ 4.1 billion Videocon group. The company is engaged in the business of manufacturing and assembling of various consumer electronic and household appliances such as Colour Televisions, Refrigerators, Washing Machines and Air Conditioners. SAL acts as the production base for the Videocon group and sells almost its entire production to its group companies.

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<sup>1</sup>Complete definition of the grading assigned is available at [www.careratings.com](http://www.careratings.com) and in other CARE Publications

On a total operating income of Rs.550.27 crore, SAL earned a PAT of Rs.11.99 crore in FY09. As per the provisional results for the nine months ended April 2010, SAL earned a PAT of Rs.19.70 crore on a total operating income of Rs.843.21 crore.

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

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