

March 08, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.50	SMERA B-/Stable (Assigned)
Bank guarantee/Letter of Guarantee	1.70	SMERA A4 (Assigned)
Letter of Credit	1.15	SMERA A4 (Assigned)
One Time Letter of credit	2.25	SMERA A4 (Assigned)
Proposed Facilities	0.60	SMERA B-/Stable/SMERA A4 (Assigned)

SMERA has assigned rating of '**SMERA B-**' (read as **SMERA B minus**) and **SMERA A4** (read as **SMERA A four**) on the Rs.7.20 crore bank facilities of Solaroy Engineers Private Limited (SEPL). The outlook is '**Stable**'. The ratings are constrained by the small scale of operations, uneven revenue trends and tender based nature of operations. The ratings are further constrained by the stretched liquidity position of the company. However, these constraints are partially offset by the management's extensive industry experience.

Rating Sensitivity Factors

- Sustainable and substantial growth in revenues or operating margins
- Efficient working capital management

Outlook – Stable

SMERA believes that SEPL will maintain a stable business risk profile over the medium term owing to the promoter's extensive industry experience. The outlook may be revised to 'Positive' in case SEPL achieves higher than expected revenues while sustaining existing operating margins leading to improvement in the overall business risk profile. Conversely, the outlook may be revised to 'Negative' if the working capital cycle elongates further resulting in deterioration of its financial risk profile especially liquidity.

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About the Company

Incorporated in 1986, SEPL deals in fire fighting equipments and caters only to government entities. The company imports all its fire fighting equipments from Austria.

For FY2014-15, SEPL reported profit after tax (PAT) of Rs.0.02 crore, on operating income of Rs.3.27 crore, as compared with PAT of Rs.0.07 crore on operating income of Rs.12.38 crore in the previous year.

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