

June 09, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>1.50</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Letter of Credit</b>	<b>1.50</b>	<b>SMERA A4 (Assigned)</b>
<b>Bank Guarantee</b>	<b>3.00</b>	<b>SMERA A4 (Assigned)</b>

SMERA has assigned ratings of '**SMERA B** (read as SMERA B)' to the Rs.1.50 crore long-term (fund based) bank facility and '**SMERA A4** (read as SMERA A four)' to the Rs.4.50 crore short-term (non-fund based) bank facility of Su Solartech Systems Private Limited (SSSPL). The outlook is '**Stable**'. The ratings are constrained by the company's small-scale operations, declining revenues, stretched liquidity and weak financial risk profile. However, the ratings are supported by the company's experienced management and moderate financial risk profile.

SSSPL, established in 1985 is a Chandigarh-based company engaged in the manufacture of solar photovoltaic lighting systems. The company's small-scale operations are marked by revenue of Rs.5.52 crore (provisional) for the period April 2014 to March 2015 as against Rs.6.06 crore in FY2013-14. For FY2012-13 the revenues were Rs.8.41 crore. SSSPL's stretched liquidity position is evident by the extended working capital cycle of 127 days in FY2013-14 and cash credit utilisation of 93 per cent from November 2014 to May 2015.

The company's weak financial risk profile is marked by low net worth of Rs.1.98 crore and moderate leverage (debt-equity ratio) of 1.21 times as on March 31, 2014. SSSPL's interest coverage ratio is low at 1.35 times in FY2013-14 (refers to financial year, April 01 to March 31). The company reported low net profit margin of 0.65 per cent in FY2013-14. SSSPL is headed by Mr. Harinder Jain, who has around two decades of experience in the company's line of business.

### **Outlook: Stable**

SMERA believes SSSPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profits while maintaining strong debt protection metrics. However, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile, or stretch in the company's working capital cycle.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

### About the Company

SSSPL, established in 1985 is a Chandigarh-based company engaged in the manufacture of solar photovoltaic lighting systems, solar thermal water heating systems and small solar PV wind hybrid power generation systems.

SSSPL reported profit after tax (PAT) of Rs.0.04 crore on operating income of Rs.6.06 crore for FY2013-14, as compared with PAT of Rs.0.24 crore on operating income of Rs.8.41 crore for FY2012-13. The company reported revenue of Rs.5.52 crore (provisional) for the period April 2014 to March 2015. SSSPL's net worth stood at Rs.1.98 crore as on March 31, 2014.

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