

July 20, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.90	SMERA B/Stable (Assigned)
Working capital term loan	0.19	SMERA B/Stable (Assigned)
Letter of Credit	8.50*	SMERA A4 (Assigned)
Bank Guarantee	0.15	SMERA A4 (Assigned)

*One way interchangeable with Letter of Credit and Cash Credit limit upto Rs. 1.85 crore

SMERA has assigned a long term rating of **SMERA B (read as SMERA B)** and a short term rating of **'SMERA A4' (read as SMERA A four)** to the above mentioned bank facilities of Suchi Fasteners Private Limited (SFPL). The rating is constrained by the company's moderate scale of operations and weak financial risk profile. The rating also notes that SFPL reported profit at net level in FY2014-15 (refers to financial year, April 01 to March 31) after incurring losses in the past 2 years. However, the rating draws comfort from the experienced management.

SFPL, established in 1980 is a Vadodara-based company engaged in manufacturing of stainless steel washers, fasteners, nuts, and bolts which find application in industries like automobile, power, infrastructure. The company's moderate operating scale is reflected in the operating income of Rs.46.59 crore in FY2014-15 (refers to financial year, April 01 to March 31). The company's weak financial risk profile is reflected by low net worth of Rs.3.76 crore (accumulated losses wiped off in FY2014-15) and high gearing (Debt to Equity) of 2.07 times as on March 31, 2015. The company's stretched liquidity position is reflected in high utilisation (~94 per cent) of cash credit limit during January 2015 to June 2015.

SFPL benefits from its experienced management. Mr. Surendra Shah, Director of SFPL, has around two decades of experience in the same line of business. SFPL has been able to turn around its operations as evidenced by net profit of Rs.0.30 crore in FY2014-15 as against net losses in previous two financial years.

About the Company

SFPL, established in 1980 is a Vadodara-based company engaged in manufacturing of stainless steel washers, fasteners, nuts, and bolts.

For FY2014-15, SFPL reported profit after tax (PAT) of Rs.0.30 crore on total operating income of Rs.46.59 crore as compared to loss of Rs.0.54 crore on total operating income of Rs.43.68 crore in FY2013-14. The company's networth stood at Rs 3.76 crore in as on March 31, 2015 as compared to Rs.3.46 crore a year earlier.

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SMERA RATINGS LIMITED

Suchi Fasteners Private Limited (SFPL)

Rating Rationale

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