

Suchi Fasteners Private Limited Upgraded

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	4.90	SMERA B+/Stable (Upgraded from SMERA B)
Working Capital Term Loan	0.19	SMERA B/Stable (Withdrawal)
Letter of Credit	8.50*	SMERA A4 (Reaffirmed)
Bank Guarantee	0.15	SMERA A4 (Reaffirmed)

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

SMERA has upgraded long term rating of '**SMERA B+**' (**read as SMERA B plus**) and has reaffirmed the short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.13.55 crore bank facilities of Suchi Fasteners Private Limited (SFPL). The outlook is '**Stable**'. SMERA has also withdrawn the rating of SMERA B/Stable (read as SMERA B minus) assigned to the abovementioned Rs 0.19 crore bank facility with immediate effect on account of full payment of dues.

The rating upgrade takes into account the improvement in the financial risk profile of the company backed by continuous capital infusion by the promoters. However, the rating continues to factor in the moderate scale of operations and thin profit margins.

Update

For FY2015-16 (Provisional), SFPL reported net profit of Rs.0.67 crore on operating income of Rs.51.30 crore as against net profit of Rs.0.30 crore on operating income of Rs.46.55 crore in FY2014-15.

SFPL's financial risk profile improved marked by gearing of 1.68 times as on March, 2016 (Provisionals) as against 2.32 times in the previous year due to capital infusion of Rs.0.70 crore. The interest coverage ratio (ICR) stood at 1.71 times for FY2015-16 as against 1.38 times in the previous year. The Debt service coverage ratio (DSCR) improved to 2.06 times in FY2016 from 1.12 times in FY2015.

SFPL continues to benefit from its experienced management. Mr. Surendra Shah, Director, has around two decades of experience in the same line of business.

Rating Sensitivity Factors

- Scaling up operations while achieving profitability
- Improvement in financial risk profile

Outlook-Stable

SMERA believes that the outlook for SFPL will remain 'Stable' over the medium term owing to the experienced promoters. The outlook may be revised to 'Positive' if the company achieves improvement in revenues, profit margins, capital structure and improves its coverage indicators. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and profitability or deterioration in the capital structure.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

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

For FY2015-16 (Provisional), SFPL reported profit after tax (PAT) of Rs.0.67 crore on total operating income of Rs.51.30 crore as compared to profit after tax (PAT) of Rs.0.30 crore on total operating income of Rs.46.55 crore in FY2014-15. The company's net worth stood at Rs.4.78 crore in as on March 31, 2016 as compared to Rs.3.36 crore a year earlier.

Rating History

Date	Name of the Instruments	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
20 July, 2015	Cash Credit	4.90	SMERA B (Assigned)		Stable
	Working Capital Term Loan	0.19	SMERA B (Assigned)		Stable
	Letter of Credit	8.50*		SMERA A4 (Assigned)	
	Bank Guarantee	0.15		SMERA A4 (Assigned)	

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ABOUT SMERA

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