

September 10, 2015

| Facilities | Amount (Rs. Crore) | Ratings |
|----------------|--------------------|-----------------------------|
| Term Loan I | 0.34 | SMERA B+/Stable (Assigned) |
| Term Loan II | 1.00 | SMERA B+/ Stable (Assigned) |
| Cash Credit | 4.60* | SMERA B+/ Stable (Assigned) |
| Bank Guarantee | 5.00 | SMERA A4 (Assigned) |

*Includes sub-limit for Inland Letter of Credit of Rs.1 crore.

SMERA has assigned a rating of '**SMERA B+**' (read as **SMERA B plus**) to the above mentioned Rs. 10.94 crore bank facilities of Solex Energy Private Limited (SEPL). The outlook is '**Stable**'. The rating is constrained by the company's moderate financial risk profile, stretched liquidity position and intense competition in the solar power industry. However, the rating derives comfort from the extensive experience of the promoter, diversified product base and healthy order book position.

Outlook: Stable

SMERA believes that SEPL will continue to benefit over the medium term from the extensive experience of its promoters and diversified product base. The outlook may be revised to 'Positive' if SEPL increases its sales and operating margins. Conversely, the outlook may be revised to 'Negative' if the firm reports lower-than-expected sales or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Scaling up of operations while maintaining margins
- Working capital management

About the Company

SEPL, (formerly Sun Energy Systems Inc) a proprietorship concern established in 1997 by Mr Kalpesh Patel (the promoter) has been in the business of assembling, fabrication and installation of solar lighting systems for state level governments and semi government agencies across India since 2002. The company was converted into a private limited company in 2014.

For FY2014-15, SEPL reported profit after tax (PAT) of Rs.0.12 crore on operating income of Rs.6.36 crore.

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) for the latest information on any instrument rated by SMERA.

Contact List:

| Media/Business Development | Analytical Contact | Rating Desk |
|---|---|--|
| Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in | Vinay Chhawchharia Associate Vice President– Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in | Tel: +91-22-6714 1184 Email: ratingdesk@smera.in |

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) for the latest information on any instrument rated by SMERA.