

April 18, 2016

| Facilities | Amount (Rs. Crore) | Ratings |
|----------------|--------------------|----------------------------|
| Cash Credit | 4.00 | SMERA B+/Stable (Assigned) |
| Bank Guarantee | 5.50 | SMERA A4 (Assigned) |

SMERA has assigned long term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned Rs.9.50 crore bank facilities of Sree Lakshminarasimha Electricals (SLE). The outlook is '**Stable**'. The ratings are constrained by the small and uneven scale of operations, uneven profit margins and high dependence on tender based government orders in an intensely competitive and fragmented segment. However, the ratings derive comfort from the established presence and extensive industry experience of the promoter and moderate order book position.

Rating Sensitivity Factors

- Scaling up operations while improving and maintaining profitability
- Maintaining the capital structure

Outlook – Stable

SMERA believes the outlook on SLE will remain stable on account of the established presence and extensive industry experience of the promoter and moderate order book position. The outlook may be revised to 'Positive' if the firm expands its scale of operations without compromising on profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue, profitability or deterioration in the financial risk profile.

About The Firm

Established in 1992, SLE is a proprietorship firm promoted by Mr. Narasimhamurthy. The firm is a licensed super grade electrical contractor based at Tumkur, Karnataka.

For FY2014-15, the firm reported net profit of Rs.1.38 crore on operating income of Rs.25.98 crore, as against net profit of Rs.0.62 crore on operating income of Rs.9.64 crore in the previous year.

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SMERA RATINGS LIMITED

Sree Lakshminarasimha Electricals (SLE)

Rating
Rationale

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