



**Press Release**  
**Solution 1 Interiors India Private Limited**  
**March 06, 2024**

**Rating Reaffirmed and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.60	ACUITE B+   Reaffirmed & Withdrawn	-
Bank Loan Ratings	1.00	-	ACUITE A4   Reaffirmed & Withdrawn
Bank Loan Ratings	1.90	-	Not Applicable   Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	5.50	-	-

**Rating Rationale**

Acuite has reaffirmed and withdrawn the long-term rating of ‘**ACUITE B+**’ (read as **ACUITE B plus**) and short-term rating of ‘**ACUITE A4**’ (read as **ACUITE A four**)’ on the Rs. 3.60 crore bank facilities of Solution 1 Interiors India Private Limited (SIPL).

Further, Acuite has withdrawn the short-term rating on the Rs.1.90 Cr. bank facilities of Solution 1 Interiors India Private Limited (SIPL) without assigning any rating as it is a proposed facility.

The rating withdrawal is in accordance with Acuite’s policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company and NOC received from the banker.

**About the Company**

Solution 1 Interiors India Private Limited was incorporated in 2007 by Mr. Sudhakar Shetty and Mr. Santosh Shetty. The company is based at Mumbai and undertakes interior decoration contracts and caters to luxury hotels, business hotels, restaurants, banks, corporates offices and resorts. Some of the clients of Solution 1 Interiors India Private Limited includes Hotel Sahara Star, Ramada, Axis Bank, Daicec project (Reliance) to name a few.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered standalone business and financial risk profile of SIPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management**

Incorporated in 2007, SIPL is promoted by Mr. Sudhakar Shetty and Mr. Santosh Shetty who have an experience of more than a decade in the interior designing industry. The company is engaged in turnkey interior contracting services for Hotels, Restaurants, Corporate offices, Villas etc all over India and other countries like Nepal, Zambia, USA, South Africa. The

experienced management has helped the company to established healthy relations and has successfully accomplished projects for reputed clientele such as Hotel Ramada, Hotel Sahar

Star, Hotel Marriot and Axis Bank to name a few. The company has its own manufacturing unit for few carpentries and civil work like plumbing, air conditioning etc and outsources other manufacturing processes to local vendors.

## **Weaknesses**

### **Revenue growth; though profitability declined**

The revenues of the company stood at Rs.39.06 crore in FY23 against Rs. 23.34 crore in FY22 registering a growth of 67%. In the current fiscal. The operating profit margin of the company declined to 7.03 percent in FY23 compared against 8.54 percent in FY22. However, the PAT margins stood at 4.28 percent in FY23 marginally improved from 4.20 percent in FY22.

### **Moderate financial risk profile**

The financial risk profile of the company continues to remain moderate marked by moderate net worth, low gearing and moderate debt protection metrics. The total debt of the company stood at Rs. 2.03 crore as on 31st March 2023 as against Rs. 2.98 crore as on 31st March 2022. The total debt profile of the company comprises of Rs.0.15 crore of long-term debt, Rs. 1.50 crore of short-term debt and Rs. 0.08 crore of unsecured loans. The gearing of the company remained low at 0.14 times as on 31st March 2023 and stood at 0.23 times as on 31st March 2022. Total outside liabilities to total networth stood at 0.69 times as on 31st March 2023 as against 0.60 times as on 31st March 2022. Furthermore, the debt protection metrics of the company stood moderate with debt service coverage ratio of 3.49 times in FY23 as against 2.52 times in FY22 and interest coverage ratio also stood at 8.75 times in FY23 as against 5.28 times in FY22.

### **Working capital intensive in nature with elongated receivable days**

The operations of the company are working capital intensive in nature marked by high GCA days of 208 days for FY2023 compared against 251 days for FY2022. The high GCA days was majorly account of high receivable days. Despite improvement, the receivable days of the company remained high at 73 days in FY2023 as against 87 days in FY2022. The inventory days of the company remained at 35 days and creditor days stood at 78 days for FY2023.

## **Rating Sensitivities**

- Elongation in working capital cycle.
- Improvement in operations and profitability.

## **Liquidity Position**

### **Stretched**

The liquidity position of the company is stretched on account of working capital-intensive nature of operations. The operations of the company are working capital intensive marked by high GCA days of 208 days for FY2023 compared against 251 days for FY2022. The high GCA days was majorly account of high receivable days. The company has a debtor collection period of 73 days in FY2023 as against 87 days in FY2022. The company is however generating sufficient net cash accruals as against the debt repayment obligation. Net cash accruals of the company stood at Rs. 1.93 crore in FY23 as against repayment obligation of Rs. 0.31 crore. The company maintains a cash balance of Rs.0.04 crore as on 31 st March 2023.

## **Outlook**

Not Applicable

## **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	39.06	23.34
PAT	Rs. Cr.	1.67	0.98
PAT Margin	(%)	4.28	4.20
Total Debt/Tangible Net Worth	Times	0.14	0.23
PBDIT/Interest	Times	8.75	5.28

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Dec 2022	Secured Overdraft	Long Term	2.60	ACUITE B+   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A4 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	1.90	ACUITE A4 (Reaffirmed)
28 Jul 2022	Secured Overdraft	Long Term	2.60	ACUITE B+   Not Applicable (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	1.90	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
29 Apr 2021	Secured Overdraft	Long Term	2.60	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	1.90	ACUITE A4 (Reaffirmed & Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE A4   Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.90	Not Applicable   Withdrawn
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.60	ACUITE B+   Reaffirmed & Withdrawn

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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