

July 30, 2014

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>1.25</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Usance Bill Discounting</b>	<b>8.00</b>	<b>SMERA A4 (Assigned)</b>
<b>Letter of Credit</b>	<b>8.50*</b>	<b>SMERA A4 (Assigned)</b>
<b>Bank Guarantee</b>	<b>1.50</b>	<b>SMERA A4 (Assigned)</b>

\*Includes sublimit of Rs.8.50 crore for Buyer's Credit

SMERA has assigned ratings of '**SMERA B**' (**read as SMERA single B**) and '**SMERA A4**' (**read as SMERA A four**) to the abovementioned bank facilities of Arrow Powertech Private Limited (APPL). The outlook is '**Stable**'. The ratings are constrained by the company's short track of operations and small operating scale in a highly competitive industry. The ratings are further constrained by the company's high level of non-operating income and substantial dependence on government orders. However, the ratings are supported by the company's experienced management, low debt-equity ratio and comfortable liquidity position.

APPL, incorporated in 2010, is a Vadodara-based company engaged in assembling and trading of various power back-up equipment, including uninterruptible power supply (UPS), invertors and batteries. APPL has a small operating scale reflected in revenues of Rs.13.45 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company mainly supplies UPS and invertors for personal computers. APPL derives ~90 per cent of its total revenues from government bodies. The company caters to the requirements of government's computerization campaigns. The company's net profit of Rs.0.82 crore (in FY2012-13) is largely supported by interest income of Rs.1.29 crore. APPL operates in highly competitive industry, which is dominated by large players.

APPL benefits from its experienced management. Mr. Yogesh Thakkar, director of APPL, has 15 years of experience in the power backup equipment industry. APPL's debt-equity ratio is low at 0.65 times as on March 31, 2013. The company has a comfortable liquidity position reflected in low average utilisation of working capital limit during July 2013 to January 2014.

### Outlook: Stable

SMERA believes the outlook on APPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company expands its scale of operations while achieving improvement in operating profit margin. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile.

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

### About the company

APPL, incorporated in 2010, is a Vadodara-based company promoted by Mr. Yogesh Thakkar. APPL is engaged in assembling and trading of power backup equipment sold under the brand name of 'Arrow'. The company's product profile includes invertors, batteries and UPS (offline, online and line interactive).

For FY2012-13, APPL reported net profit of Rs.0.82 crore on total income of Rs.13.45 crore, as compared with net profit of Rs.1.09 crore on total income of Rs.27.29 crore for FY2011-12. Further, the company registered revenues of Rs.14.62 crore (provisional) in FY2013-14. APPL's net worth stood at Rs.2.36 crore as on March 31, 2013, as compared with Rs.1.54 crore a year earlier.

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