

**December 07, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.75	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
Letter of Credit	5.50*	SMERA A4 (Suspension Revoked; Rating Assigned)

*\*Includes sublimit of Rs.5.50 crore for Bank Guarantee*

SMERA has revoked the suspension of rating on the bank facilities of Arrow Powertech Private Limited (APPL) and assigned ratings of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.1.75 crore long term (fund based) bank facility and '**SMERA A4**' (read as **SMERA A four**) to the Rs.5.50 crore short term (non-fund based) bank facility. The outlook is '**Stable**'. SMERA had, on November 02, 2015 suspended the rating in the absence of requisite information from APPL. The company has now shared the required information, enabling SMERA to assign a rating.

The ratings are constrained by the company's limited track of operations and small operating scale in a highly competitive industry. The ratings are further constrained due to substantial dependence on government orders. However, the ratings are supported by the experienced management, moderate financial risk profile marked by comfortable gearing and healthy coverage indicators.

### Outlook: Stable

SMERA believes that 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 financial risk profile.

### Rating Sensitivity Factors

- Scaling up operations
- Maintaining satisfactory capital structure and liquidity position.

### About the Company

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

**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.



SMERA RATINGS LIMITED

## Arrow Powertech Private Limited (APPL)

### Rating Rationale

For FY2014–15, APPL reported profit after tax (PAT) of Rs.0.60 crore on total income of Rs.11.74 crore, as compared with PAT of Rs.0.42 crore on total income of Rs.14.56 crore for FY2013–14.

#### 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: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-66201203 Email: <a href="mailto:pooja.ghosh@smera.in">pooja.ghosh@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**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.