

MARCH 05, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF SOFTTECH ENGINEERS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	6.00	CARE BB+ (Double B Plus)	Reaffirmed
Short term Bank Facilities	4.70	CARE A4 (A Four)	Reaffirmed
Total Facilities	10.70		

Rating Rationale

The ratings continue to be constrained by Softtech's modest scale of operations, fluctuating profitability margins, working capital intensive nature of operations with funds being blocked in receivables, and customer concentration risk.

The ratings continue to derive strength from the extensive experience of the promoters, long track record of the company and reputed client base. The rating also takes into account the healthy order book position providing revenue visibility in the medium term and moderate capital structure.

The ability of the company to increase its scale of operations along with maintaining its profitability margins and efficiently manage its working capital cycle is the key rating sensitivity.

Background

Incorporated in the year 1996, Pune-based Softtech Engineers Private Limited (SEPL) is engaged in developing software solutions for architecture, engineering and construction (AEC) industries and education sector. The company caters to the Government as well as private players. The company operates from its office situated at Pune, Maharashtra.

As on January 31, 2015 the company had orders of Rs. 70.47 crore to be executed over a period of 15 months. The status of the order book provides revenue visibility for SEPL in the near future.

In FY14 (refers to the period April 1 to March 31), the company has registered a profit after tax of Rs.2.03 crore as against the total operating income of Rs.25.75 crore as against a total operating income and PAT of Rs.21.48 crore and Rs.0.81 crore respectively in FY13. In 9MFY15, the company has reported a total operating income of Rs. 24.40 crore and PBT of Rs.1.90 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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