

January 20, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	8.70	SMERA B/Stable (Assigned)
Packing Credit/FDB/FBE	0.75	SMERA A4 (Assigned)

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 A & D International Private Limited (A&D). The outlook is '**Stable**'. The ratings are mainly constrained by project execution and commissioning risks associated with the company's upcoming manufacturing unit. The ratings are also constrained by the company's exposure to intense competition in the furniture industry. However, the ratings are supported by the company's experienced management. The ratings also draw comfort from the financial closure of the company's project.

A&D, incorporated in April 2007, is a Jaipur-based company established to undertake the business of manufacturing wooden furniture. A&D is currently setting up a factory unit with total installed capacity of 2,25,000 cubic feet (CFT) in Jaipur, Rajasthan. The commercial production was scheduled to commence in April 2015; however, there were delays in project execution and the company now expects to start commercial operations in June 2015. Any further delay in project execution will have an adverse impact on the company's ability to generate adequate cash flows for debt servicing. A&D will face intense competition from several players in the furniture industry.

A&D benefits from its experienced management. Mr. Sandeep Mundhra, director of A&D, has around 25 years of experience in the furniture industry. A&D's project has achieved financial closure. The project debt-equity ratio is 0.72 times (considering unsecured loans as quasi equity).

Outlook: Stable

SMERA believes the outlook on A&D's rated facility will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations after commissioning the project according to the revised timeline. The outlook may be revised to 'Negative' in case of further delays in project execution.

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About the company

A&D was incorporated in April 2007 to undertake the business of manufacturing wooden furniture. The company is currently setting up a factory unit with total installed capacity of 2,25,000 CFT (360 containers per annum) in Jaipur, Rajasthan. The total project cost is estimated at Rs.20.76 crore, which is funded through bank loan of Rs.8.70 crore, equity capital of Rs.0.50 crore and unsecured loan of Rs.11.56 crore. The company's promoters plan to convert unsecured loans of Rs.4.00 crore into equity capital in FY2015-16. A&D's net worth stood at Rs.1.12 crore (provisional) as on November 30, 2014.

A&D has an administrative office in Jaipur, Rajasthan. The company is promoted by Mr. Sandeep Mundhra, Mr. Ravi Kant Laddha and Mr. Girish Mehta.

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