

March 31, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	11.30 (Enhanced from Rs. 8.70 crore)	SMERA B/Stable (Reaffirmed)
Packing Credit/FDB/FBE (Proposed)	0.75	SMERA A4 (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA B' (read as SMERA B)** and short-term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.12.05 crore bank facilities of A & D International Private Limited (A & D). The outlook is '**Stable**'. The ratings continue to be constrained by the small scale of operations, weak financial risk profile marked by losses in FY15, negative operating margin and negative interest coverage. The ratings are also constrained by the exposure of the company to intense competition in the furniture industry. However, the ratings are supported by the experienced management.

Update

A & D has completed its project for manufacturing unit of furniture on Sep 2015 with the capex amount of Rs. 23.32 crore and operation of the company has started from Nov 2015. A & D's weak financial risk profile is marked by growing scale of operations, revenue of Rs.0.12 crore and moderate gearing (debt-to-equity) of 2.81 times as on March 31, 2015. The interest coverage ratio is negative at -72.19 times in FY2014-15. The PAT margin is negative at 132.47 per cent in FY2014-15. However, the company has achieved the revenue of Rs. 1.88 crore (Provisional) till 29th March 2016. A & D operates in an intensely competitive segment of the furniture industry.

Outlook: Stable

SMERA believes A & D will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced. The outlook may be revised to 'Positive' in case the firm registers substantial growth in revenues, profitability and cash accruals while achieving efficient working capital management. The outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

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Rating Sensitivity Factors

- Improvement in revenue and profitability
- Efficient working capital management

About the Firm

A & D was incorporated in 2007 by Mr. Ravi Kant Laddha, Mr. Sandeep Mundra and Mr. Girish Mehta. The company is engaged in the manufacturing of wooden furniture at Jaipur, Rajasthan.

For FY2014-15, A & D reported net loss of Rs.0.15 crore on operating income of Rs.0.12 crore, as compared with net loss of Rs.0.02 crore on (nil) operating income in FY2013-14. The company's net worth stood at Rs.3.47 crore as on March 31, 2015, as compared with Rs.0.13 crore a year earlier.

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