

January 28, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	3.63	SMERA B/Stable (Assigned)
Cash Credit	4.00	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B**' (read as SMERA single B) to the Rs.7.63 crore long-term (fund based) bank facilities of Baba Farid Spun Pipes (BFSP). The outlook is '**Stable**'. The rating is supported by the firm's experienced management and moderate financial risk profile. However, the rating is constrained by the firm's short track record of operations in an intensely competitive segment of the pipes industry. The rating is further constrained by the firm's small-scale operations.

BFSP, established in 1994, is a Chandigarh-based partnership firm engaged in manufacturing of reinforced cement concrete (RCC) pipes. BFSP benefits from its experienced management. Mr. S. H. Brar, partner of BFSP, has around 35 years of experience in the firm's line of business. BFSP's moderate financial risk profile is marked by net worth of Rs.2.13 crore (as on March 31, 2014), leverage of 1.46 times (as on March 31, 2014) and interest coverage ratio of 72.77 times in FY2013-14 (refers to financial year, April 01 to March 31).

BFSP operates in an intensely competitive segment of the pipes industry. The firm has small-scale operations marked by revenues of Rs.2.61 crore in FY2013-14.

### Outlook: Stable

SMERA believes BFSP will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm registers substantial growth in revenues and profitability while maintaining moderate debt protection metrics. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial risk profile or working capital management.

### About the firm

BFSP, established in 1994, is a Chandigarh-based partnership firm promoted by Mr. S. H. Brar. BFSP undertakes manufacturing of RCC pipes. The firm has a manufacturing unit in Mohali, Punjab.

For FY2013-14, BFSP reported profit after tax (PAT) of Rs.0.14 crore on operating income of Rs.2.53 crore, as compared with PAT of Rs.0.11 crore on operating income of Rs.1.94 crore in FY2012-13. Further, the firm reported operating income of Rs.7.50 crore (provisional) for the period April 2014 to December 2014. BFSP's net worth stood at Rs.2.13 crore as on March 31, 2014, as compared with Rs.0.60 crore in the previous year.

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SMERA RATINGS LIMITED

## Baba Farid Spun Pipes (BFSP)

**Rating**  
**Rationale**

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