

**December 14, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.50	SMERA B/Stable (Assigned)
Standby Line of Credit	0.23	SMERA B/Stable (Assigned)
Letter of Credit	1.00	SMERA A4 (Assigned)
Bank Guarantee	3.50	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B**' (read as **SMERA single B**) and a short term rating of '**SMERA A4**' (read as **SMERA A four**) to the Rs.6.23 crore bank facilities of Accurate Fabox Private Limited (AFPL). The outlook is '**Stable**'.

The ratings are constrained by the modest scale of operations and susceptibility of operating margins to volatility in raw material prices. The ratings are also constrained by the working capital intensive operations and the highly competitive and fragmented fabrication industry. However, the ratings draw comfort from the extensive industry experience of the promoters and established relations with reputed customers and suppliers.

**Outlook: Stable**

SMERA believes that the company would continue to benefit over the medium term from the promoters extensive industry experience. The outlook may be revised to 'Positive' in case the company reports substantial and sustainable revenues or operating margins going forward resulting in improvement in its existing business risk profile. Conversely, the outlook may be revised to 'Negative' if the working capital cycle elongates further resulting in weakening of its existing financial risk profile especially liquidity or if it undertakes significant debt-funded capital expenditure over the medium term.

**Rating Sensitivity Factors**

- Substantial and sustainable growth in revenues or operating margins
- Working capital management
- Price trends of key raw material
- Future capex and its funding mix thereof

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**About the Company**

Incorporated in 1992, AFPL is owned and managed by Mr. Ghanshyam Kala and family. The company is engaged in the fabrication of steel products and structures for transmission towers, sub stations among others and operates through its two manufacturing facilities located in Jaipur.

For FY2014-15, AFPL reported profit after tax (PAT) of Rs.0.02 crore, on operating income of Rs.6.45 crore, as compared with PAT of Rs.0.03 crore on operating income of Rs.9.41 crore in the previous year.

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