

Press Release

Accurate Fabox Private Limited (AFPL)

08 February, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.6.23 Cr
Long Term Rating	SMERA B/Stable (Reaffirmed)
Short Term Rating	SMERA A4 (Reaffirmed)

**Refer Annexure for details*

Rating Rationale

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)** on the Rs.6.23 crore bank facilities of Accurate Fabox Private Limited (AFPL). The outlook is **'Stable'**.

AFPL was incorporated in 1992. The company is engaged in the fabrication of steel products and structures for transmission towers, sub stations among others.

List of key rating drivers and their detailed description

Strengths:

Experienced management: The promoter, Mr. Ghanshyam Kala, possesses more than two decades of experience in the steel industry.

Healthy relations with promoters and suppliers: The company has long track record of operations and maintains healthy relations with customers and suppliers.

Weaknesses:

Modest scale of operations: AFPL's operating income stood at Rs.7.74 crore for FY2015-16 as compared to Rs.6.45 crore in FY2014-15. As informed by the management, the company booked revenue of Rs.5 crore till 31 December, 2016.

Below-average financial risk profile: The company's gearing (debt to equity) stood at 2.85 times as on 31 March, 2016. Further, the Interest coverage ratio stood at 1.22 times for FY2015-16 as against 1.18 times in the previous year. Also, the DSCR stood at 0.34 times for FY2015-16 as compared to 0.33 times in the previous year.

Working capital intensive operations: The operations are working capital intensive evident in the working capital cycle days of 131 and gross current asset (GCA) days of 329. The debtor days stood at 62 while the inventory days were 179 days in FY2016.

Highly competitive and fragmented industry: The company operates in a highly competitive steel industry with several organised and unorganised players which limits the bargaining power.

Analytical approach: SMERA has considered the standalone financial and business risk profiles of AFPL.

Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Outlook – Stable

SMERA believes that AFPL will continue to maintain a stable outlook and benefit over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected revenue and improved profitability while improving the financial risk profile and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in revenues and profitability or deterioration in the financial risk profile owing to higher than expected working capital requirements.

About the Rated Entity

Incorporated in 1992, AFPL is headed 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. AFPL has two manufacturing facilities located at Jaipur with total annual capacity of 40,000 MTPA.

For FY2016, AFPL reported profit after tax (PAT) of Rs.0.04 crore on net sales of Rs.7.74 crore as compared to PAT of Rs.0.02 crore on net sales of Rs.06.45 crore in FY2015.

Status of non-cooperation with previous CRA (if applicable): ICRA, vide release dated June 17, 2016 has suspended its ratings in the absence of requisite information from the company.

Any other information: Not Applicable

Rating history for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	1.50	SMERA B/Stable (Reaffirmed)	14 Dec, 2015	SMERA B/Stable (Assigned)	-	-	-	-
Standby Line of Credit	LT	0.23	SMERA B/Stable (Reaffirmed)	14 Dec, 2015	SMERA B/Stable (Assigned)	-	-	-	-
Letter Of Credit	ST	1.00	SMERA A4 (Reaffirmed)	14 Dec, 2015	SMERA A4 (Assigned)	-	-	-	-
Bank Guarantee	ST	3.50	SMERA A4 (Reaffirmed)	14 Dec, 2015	SMERA A4 (Assigned)	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Cash Credit	N.A	N.A	N.A	1.50	SMERA B/Stable (Reaffirmed)
Stand By Line of Credit	N.A	N.A	N.A	0.23	SMERA B/Stable (Reaffirmed)
Letter Of Credit	N.A	N.A	N.A	1.00	SMERA A4 (Reaffirmed)
Bank Guarantee	N.A	N.A	N.A	3.50	SMERA A4 (Reaffirmed)

Note on complexity levels of the rated instrument:
<https://www.smera.in/criteria-complexity-levels.htm>
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ABOUT SMERA

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