

February 17, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit*	3.00	SMERA BB/Stable (Assigned)
Term Loan	6.25	SMERA BB/Stable (Assigned)
Bank Guarantee**	0.50	SMERA A4+ (Assigned)
Forward Cover Limit	0.17	SMERA A4+ (Assigned)

* *EPC/FBD is a sub limit to the extent of Rs.2.00 crore.*

** *LC is fully interchangeable within overall BG limit.*

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA double B**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the abovementioned bank facilities of Paras Intermediates Private Limited (PIPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, comfortable financial risk profile and efficient working capital management. However, the ratings are constrained by the moderate scale of operations in an intensely competitive segment of the chemical industry. The ratings note that the company's profit margins are susceptible to raw material price volatility and forex fluctuation risk.

Outlook: Stable

SMERA believes that PIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established track record of operations and experienced management. The outlook may be revised to 'Positive' in case the company registers substantial increase in its scale of operations while sustaining profit margins. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the projected scalability in revenues or if the financial risk profile deteriorates on account of higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Improvement in revenues while maintaining profitability
- Significant debt funded capex plans

About the Company

PIPL, established as a partnership concern in 1977 was converted into private limited in 1999. The company is engaged in the manufacture and export of chemicals and derives ~76 per cent of its revenue from export to USA and France. The manufacturing unit of the company is located at Vapi, Gujarat.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

For FY2014–15, PIPL reported net profit of Rs.2.11 crore on operating income of Rs.29.19 crore, as compared with net profit of Rs.2.37 crore on operating income of Rs.28.46 crore in FY2013–14. The company's net worth stood at Rs.15.81 crore as on March 31, 2015, as compared with Rs.13.96 crore a year earlier.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Mr. Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.