

Press Release

Paras International

October 09, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 15.00 crore bank facilities of Paras International. The outlook is '**Stable**'.

Paras International is a partnership firm established in 2018. The partners are Mr. Sanjeev Garg and Mrs. Seema Garg with a 50 percent share of partnership each. The firm is engaged in building of an Agro Processing Cluster in the Ambala district. The firm plans on building 5 food processing units for fruits & vegetables, milk & dairy products, juices, grains & spices and ready to eat food. The firm plans on earning major revenue from renting out these food processing units. The firm has applied for a grant of Rs. 10.00 crore from the ministry of food processing units. It hopes to complete building the project within the next 12-15 months.

Key Rating Drivers

Strengths

- **Experienced Management**

Mr. Sanjeev Garg and Mrs. Seema Garg are the partners of Paras International. Mr. Garg is an active member and the secretary of the MM Trust, which is actively running 3 university campuses. The trust has also been involved in building of roads, buildings and other infrastructural projects. Mrs. Garg has businesses and income from real estate and agri-businesses. Both the partners are highly qualified in terms of education and have experience relating to infrastructural projects. Also, they have a consultant firm actively advising them on the APC project.

- **Ready stage of execution**

The firm has already acquired the necessary approvals from the authorities in order to begin the execution of building the Agro Processing Cluster. The firm has already leased the land of 10.69 acres for 50 years to build the APC. The firm has all the necessary requirements and approvals in place to start work on the construction at the earliest.

- **Government support**

The firm has applied for a grant of Rs. 10.00 crore from the Ministry of Food Processing Industry under the Pradhan Mantri Kisan Sampada Yojna (PMKSY) for the APC project. When the grant is sanctioned, the ministry will be giving the firm 18 months to complete building the Agro Processing Cluster. The firm expects to complete building project within the next 12-15 months.

Weaknesses

- **Timely execution**

The Ministry of Food Processing Industry will be giving Paras International 18 months to complete the project of building an Agro Processing Cluster. Even though the firm expects the project to be completed within 12-15 months, unforeseen challenges and hindrances may cause a delay in the execution period. A delay in execution will attract penalties from the ministry, further putting a financial strain on the firm.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the PI to arrive at this rating.

Outlook: Stable

Acuite believes that the outlook on Paras International will remain 'Stable' over the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the firm achieves higher than expected growth in revenues while improving profitability. Conversely, the outlook may be revised to 'Negative' in case of lower than expected growth in revenues and decline in profitability

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.00	0.00
EBITDA Margin	(%)	0.00	0.00
PAT Margin	(%)	0.00	0.00
ROCE	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00
Gross Current Assets (Days)	Days	0	0

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	12.50	ACUITE B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE B / Stable

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

Viren Rangparia Analyst - Rating Operations Tel: 02249294053 viren.rangparia@acuite ratings.in	
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About Acuité Ratings & Research:

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