

October 27, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	1.32	SMERA BB/Stable (Assigned)
Cash Credit	3.50	SMERA BB/Stable (Assigned)
Letter of Credit	2.00	SMERA A4+ (Assigned)
Bank Guarantee	3.50	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB**' (read as **SMERA double B**) and a short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.10.32 crore bank facilities of Parasnath Enterprises (PE). The outlook is '**Stable**'. To arrive at the ratings, SMERA has combined the business and financial risk profiles of Adinath Industries and PE, together referred to as the 'AIPE Group'. The consolidation is in view of the common business models of the entities. The ratings are supported by the group's established operations, experienced management and moderate financial risk profile. However, the ratings are constrained by the working capital intensive nature of business and intense competition prevalent in the rubber and plastic industry. The ratings also note the company's tender based business.

Outlook: Stable

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

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Working capital management

About the Group

AIPE Group, incorporated in 1997, is a Delhi-based group headed by Mr. Ashok Kumar Jain, Promoter who has around three decades of experience in the rubber and plastics business.

For FY2014-15, AIPE Group reported profit after tax (PAT) of Rs.0.49 crore on operating income of Rs.41.58 crore, as compared with profit after tax (PAT) of Rs.0.84 crore on operating income of Rs.35.73 crore in FY2013-14. The group's net worth stood at Rs.11.67 crore (including unsecured loan of Rs.5.04 crore) as on March 31, 2015 against Rs.10.57 crore (including unsecured loan of Rs.3.60 crore) at a year earlier.

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.

About the Firm

Parasnath Enterprises, incorporated in 1997, is a Delhi-based manufacturing firm headed by Mr. Anand Kumar Jain, promoter who has around three decades of experience in the rubber and plastics business.

For FY2014–15, the firm reported profit after tax (PAT) of Rs.0.19 crore on operating income of Rs.20.35 crore, as compared with profit after tax (PAT) of Rs.0.35 crore on operating income of Rs.16.73 crore in FY2013–14. The firm's net worth stood at Rs.8.38 crore (including unsecured loan of Rs.4.73 crore) as on March 31, 2015 against Rs.6.15 crore (including unsecured loan of Rs.2.59 crore) a year earlier.

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