

July 25, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.40	SMERA BB-/Stable (Suspension Revoked; Rating Assigned)
Bank Guarantee	3.00	SMERA A4 (Suspension Revoked; Rating Assigned)

SMERA has revoked the suspension of ratings assigned to Deepsun Industrial Corporation (DIC). The suspension was done on July 07, 2015 in the absence of requisite information for the surveillance process. However, the firm has now shared the required information with SMERA. Subsequently, SMERA has assigned a long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and a short-term rating of '**SMERA A4**' (read as **SMERA A four**) to the bank facilities of Rs.5.40 crore. The outlook on the long-term rating is '**Stable**'.

The ratings are constrained by the firm's modest scale of operations and high level of customer concentration in an intensely competitive business environment. The ratings are also constrained by the firm's high geographical concentration and working capital-intensive operations. However, the ratings are supported by the firm's experienced management and average debt protection metrics.

Outlook: Stable

SMERA believes that DIC will continue to benefit over the medium term from its experienced management. The firm is also poised to benefit from the government's focus on infrastructure development in North Eastern states. The outlook may be revised to 'Positive' in case the firm achieves sustained improvement in revenues and profitability, without a corresponding deterioration in liquidity position and debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of decline in the firm's revenues or profit margins, or in case of deterioration in the firm's capital structure and liquidity.

About the firm

DIC, established in 1990, is a Kolkata-based partnership firm promoted by Mr. Veer L. Pardasani and Mr. Kishore V. Pardasani. DIC is engaged in assembling of floodlights. The firm also undertakes civil construction works for government projects.

For FY2013-14, DIC reported profit after tax (PAT) of Rs.0.37 crore on operating income of Rs.8.72 crore, as compared with PAT of Rs.0.70 crore on operating income of Rs.19.25 crore in the previous

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year. For FY2014–15 (provisional), DIC reported operating income of Rs.9.61 crore. The firm's net worth stood at Rs.2.58 crore as on March 31, 2014, as compared with Rs.2.86 crore a year earlier.

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