

December 02, 2014

Facilities	Amount (Rs. Crore)	Rating
Bank Overdraft	4.90	SMERA B/ Stable (Assigned)
Term Loan	0.42	SMERA B/ Stable (Assigned)

SMERA has assigned a rating of '**SMERA B**' (**read as SMERA single B**) to abovementioned bank facilities of Minesh Prints Limited (MPL). The outlook is '**Stable**'. The rating is supported by the company's long track record of operations, experienced management and comfortable financial risk profile. However, the rating is constrained by the company's modest-scale operations and stretched collection period in an intensely competitive segment of the textile industry. The rating is also constrained by susceptibility of the company's profit margins to volatility in raw material prices.

MPL, established in 1980, is a Gujarat-based company engaged in dyeing and printing of fabric on job work basis. The company also undertakes trading and processing of grey fabric. MPL benefits from its experienced management. Mr. Anil Sadh and Mr. Sunil Sadh, directors of MPL, have around three decades of experience in fabric processing industry. MPL's comfortable financial risk profile is evidenced by debt-equity ratio of 1.26 times as on March 31, 2014. The firm's healthy coverage indicators are reflected in interest coverage ratio (ICR) of 2.51 times and DSCR at 1.18 times in FY2013-14 (refers to financial year, April 01 to March 31).

MPL has modest-scale operations marked by revenues of Rs.30.79 crore in FY2013-14. The company registered revenues of Rs.18.41 crore during April 2014 to October 2014. MPL's collection period is stretched at 163 days in FY2013-14. MPL's tangible net worth stood at Rs. 4.53 crore as on March 31, 2014, while the company's receivables (outstanding for more than six months) stood at Rs.5.59 crore as on March 31, 2014. MPL's profitability is susceptible to volatility in prices of raw material (cotton and polyester). The company operates in intensely competitive and fragmented segment of the textile industry.

Outlook: Stable

SMERA believes MPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues and profitability while maintaining comfortable financial risk profile. The outlook may be revised to 'Negative' in case of decline in the company's revenues or profitability, or in case of deterioration in the company's financial risk profile.

About the company

MPL was established as partnership firm in 1980 by Mr. Arvind Sadh, Mr. Anil A. Sadh and Mr. Sunil A. Sadh. In 1992, the firm was converted into a private limited company named Minesh Prints Private Limited.

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MPL is mainly engaged in dyeing and printing of fabric (used for ladies dress material) on job work basis. The company also undertakes trading and processing of grey fabric and manufacturing of scarves for the export market. MPL has installed fabric processing capacity of 300 lakh meters per annum.

For FY2013-14, MPL reported profit after tax (PAT) of Rs.0.46 crore on operating income of Rs. 30.79 crore, as compared with PAT of Rs.0.38 crore on operating income of Rs.22.88 crore in FY2012-13. The company's net worth stood at Rs.4.53 crore as on March 31, 2014, as compared with Rs.4.07 crore a year earlier.

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