



SMERA RATINGS LIMITED

Minesh Prints Limited (MPL)

*Rating
Rationale***February 03, 2016**

Facilities	Amount (Rs. Crore)	Rating
Bank Overdraft	4.90	SMERA B/Stable (Reaffirmed)
Term Loan I	0.23	SMERA B/Stable (Reaffirmed)
Term Loan II	0.03	SMERA B/Stable (Reaffirmed)
Term Loan III	0.16	SMERA B/Stable (Withdrawn)

SMERA has withdrawn rating of '**SMERA B/Stable**' assigned to the Rs.0.16 crore bank facility of Minesh Prints Limited (MPL) with immediate effect. MPL has fully repaid the term loans as duly certified by the banker. Further, SMERA has reaffirmed the rating of '**SMERA B**' (**read as SMERA B**) on the Rs.5.16 crore bank facilities. The outlook is '**Stable**'.

The rating continues to be constrained by the company's modest-scale of operations and stretched collections in an intensely competitive segment of the textile industry. The rating is also constrained by susceptibility of the profit margins to volatility in raw material prices. However, the rating is supported by the company's long track record of operations, experienced management and comfortable financial risk profile.

Rating Sensitivity Factors

- Improvement in revenues and profitability
- Improvement in capital structure and coverage indicators
- Larger than envisaged debt funded capex or working capital borrowings
- Efficient working capital management

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 revenues or profitability or deterioration in the financial risk profile.

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.



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About the Company

MPL was established as a partnership firm in 1980 by Mr. Arvind Sadh, Mr. Anil A. Sadh and Mr. Sunil A. Sadh. The company 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 an installed fabric processing capacity of 264 lakh meters per annum.

For FY2014-15, MPL reported profit after tax (PAT) of Rs.0.17 crore on operating income of Rs.28.51 crore as against PAT of Rs.0.46 crore on operating income of Rs.30.79 crore in FY2013-14. The tangible net worth stood at Rs.4.65 crore in FY2014-15 as against Rs.4.53 crore in FY2013-14.

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