

Press Release

12 May, 2017

Minesh Prints Limited

Rating Assigned

Total Bank Facilities Rated *	Rs.5.25 Cr
Long Term Rating	SMERA B+/ Outlook: Stable

Refer Annexure for details

Rating Rationale

SMERA has upgraded the rating on the Rs.5.25 cr bank facilities of Minesh Prints Limited (MPL) to '**SMERA B+** (read as SMERA B plus)' from '**SMERA B**' (read as SMERA B). SMERA has also withdrawn the rating of '**SMERA B (read as SMERA B)**' assigned to the Rs. 0.03 cr fund based facility of (MPL). The outlook is '**Stable**'.

MPL was established 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 metres per annum.

Strengths

Experienced management and long operational track record: MPL is in the business of fabric processing since 1980. The promoters, Mr. Anil Sadh and Mr. Sunil Sadh have more than three decades of experience in the said business.

Comfortable gearing and coverage indicators: MPL has average financial risk profile marked by low gearing and moderate coverage indicators. The debt to equity ratio stood at 1.17 times in FY2015-16. The coverage indicators i.e. interest coverage ratio (ICR) stood at 2.61 times and DSCR at 1.74 times in FY2015-16.

Location advantage: The manufacturing facilities are located at Vapi, Gujarat - one of the major textile hubs in India. The favourable location benefits the company with easy availability of raw material and proximity to customers.

Diversified customer base with established relations: MPL has a diversified customer base. The company has long track record of operations in the industry which has enabled it to build long term relations with customers and facilitate repeat orders.

Weaknesses

Modest scale of operations with fluctuating revenues and profitability: MPL has modest scale of operations with revenue of Rs. 30.90 cr in FY2015-16 despite being in existence for over two decades. Further, the company earned revenue of Rs. 28.49 cr for FY2016-17. During the period under study, MPL showed fluctuating revenue and profitability trend owing to frequent changes in the revenue mix (job work trading and processing).

Profitability is susceptible to volatility in raw material prices: MPL purchases grey fabric (cotton or blended) for processing and trading. While fluctuations in the prices of cotton and polyester affect profitability, the company is insulated to a certain extent since majority of the revenue is generated from job work.

Intensely competitive and highly fragmented fabric processing industry: The fabric processing industry is highly fragmented and dominated by a large number of organised and unorganised players leading to intense competition limiting pricing flexibility. Further, the industry remains vulnerable to the cyclicalities inherent in the textile industry.

Analytical approach: Standalone business and financial risk profile of the company

Applicable Criteria

- Manufacturing Entities : <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Feb-2016	Bank Overdraft	Long Term	INR 4.9	SMERA B / Stable
	Term Loan I	Long Term	INR 0.23	SMERA B / Stable
	Term Loan II	Long Term	INR 0.03	SMERA B / Stable
	Term Loan III	Long Term	INR 0.16	SMERA B / Stable
02-Dec-2014	Bank Overdraft	Long Term	INR 4.9	SMERA B / Stable
	Term Loan	Long Term	INR 0.42	SMERA B / Stable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	4.90	SMERA B+ / Stable (upgraded)
Term loans	Not Applicable	Not Applicable	Not Applicable	0.23	SMERA B+ / Stable (Upgraded)
Proposed	Not Applicable	Not Applicable	Not Applicable	0.12	SMERA B+/ Stable (Assigned)

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ABOUT SMERA

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