

March 03, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	2.09	SMERA B+/Stable (Assigned)
Cash Credit	0.85	SMERA B+/Stable (Assigned)
Foreign Usance Bill Discounted (FUBP)	2.80	SMERA A4 (Assigned)
Letter of Credit	3.27	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+** (read as SMERA single B plus) and a short-term rating of '**SMERA A4**' (read as SMERA A four) to the abovementioned bank facilities of Dinesh Printers (DP). The outlook is '**Stable**'. The ratings are constrained by the firm's small-scale operations in an intensely competitive and fragmented segment of the printing industry. The ratings are also constrained by the susceptibility of the firm's profit margins to volatility in raw material prices. However, the ratings are supported by the healthy revenue growth registered by the firm. The ratings draw comfort from the firm's experienced management and established relations with customers. The ratings are also supported by the firm's comfortable liquidity position.

DP, established in 1980, is a Bangalore-based proprietorship concern engaged in printing of medical strips, brochures, labels, annual reports and packaging material. DP has small-scale operations marked by operating income of Rs.13.55 crore in FY2013-14 (refers to financial year, April 01 to March 31). The firm operates in an intensely competitive and fragmented segment of the printing industry. DP's profit margins are susceptible to volatility in raw material prices.

DP benefits from its experienced management. The proprietor of the firm has around three decades of experience in the printing industry. DP's revenue has grown at a healthy compound annual growth rate (CAGR) of 29 per cent over the past five years. The firm's comfortable liquidity position is reflected in low utilisation (~50 per cent) of cash credit limit during June 2014 to November 2014. DP benefits from its long-standing relations with customers.

Outlook: Stable

SMERA believes DP will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the firm registers substantial growth in revenues while maintaining healthy profit margins. Conversely, the outlook maybe revised to 'Negative' in case the firm registers lower-than-expected revenues or profit margins.

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About the firm

DP, established in 1980, is a Bangalore-based proprietorship concern engaged in printing of medical strips, brochures, labels, annual reports and packaging material. The firm mainly caters to customers in Kenya and Tanzania.

For FY2013-14, DP reported profit after tax (PAT) of Rs.1.39 crore on operating income of Rs.13.55 crore, as compared with PAT of Rs.1.04 crore on operating income of Rs.9.85 crore in FY2012-13. The firm's net worth stood at Rs.2.23 crore as on March 31, 2014, as compared with Rs.1.57 crore a year earlier.

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