

Dinesh Printers:Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Term Loan	1.47	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
Cash Credit	0.85	SMERA B+/Stable (Suspension Revoked; Rating Assigned)
FUBP*	2.80	SMERA A4 (Suspension Revoked; Rating Assigned)
Letter of Credit	3.27	SMERA A4 (Suspension Revoked; Rating Assigned)

* Foreign Usance Bill Discounted

SMERA has revoked the suspension of rating on the above mentioned bank facilities of Dinesh Printers (DP) and assigned long-term rating of **'SMERA B+' (read as SMERA B plus)** and short-term rating of **'SMERA A4' (read as SMERA A four)**. The outlook is **'Stable'**. The ratings are constrained by the firm's low scale of operations, intense market competition, forex fluctuation risk and proprietorship constitution of the firm. However, the ratings are supported by the long track record of operations and experienced management.

DP, established in 1980, is a Bangalore-based proprietorship firm engaged in the printing of medical strips, brochures, annual reports among others.

The ratings are constrained by the firm's low scale of operations in spite of the long track record of around 36 years in the printing industry. Further, the firm has registered marginal decline in revenues of Rs.12.53 crore as on March 31, 2016 (Provisional) as against Rs.16.13 crore as on March 31, 2015. Also, the firm earned around 70 per cent revenue through exports to Kenya (East Africa) and Tanzania (East Africa) and hence is exposed to forex fluctuation risk.

DP's operations are working capital intensive reflected in the gross current assets (GCA) of 175 days in FY2016 (Provisional), an increase from 125 days in the previous year. The moderate GCA emanates from increased inventory holding of 40 days in FY2016 (Provisional) as against 11 days in FY2015.

The proprietorship constitution of the firm is yet another factor that renders it vulnerable to withdrawal of capital although the same has not been observed in the past.

However, the ratings are supported by the extensive experience of the promoter and long-standing relationships with clients.

Rating Sensitivity Factors

- Efficient working capital management
- Scaling up operations while maintaining stable profitability

Outlook-Stable

SMERA believes that Dinesh Printers will maintain a stable outlook and continue to benefit over the medium term on account of the extensive experience of its promoters. The outlook may be revised to 'Positive' if the firm registers substantial increase in profitability margins supported by sustainable revenue growth. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability margins or significant deterioration in the financial risk profile due to debt-funded capex or working capital borrowings.

About the Firm

DP, established in 1980, is a Bangalore-based proprietorship firm engaged in the printing of medical strips, brochures, annual reports among others. The firm mainly caters to Kenya and Tanzania (East Africa).

For FY2015-16 (Provisional), the firm reported profit after tax (PAT) of Rs.0.98 crore on operating income of Rs.12.53 crore, as compared with net profit of Rs.1.23 crore on operating income of Rs.16.13 crore in FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
06 May, 2016	Term Loan	2.09	SMERA B+ (Suspended)		Stable
	Cash credit	0.85	SMERA B+ (Suspended)		Stable
	FUBP*	2.80		SMERA A4 (Suspended)	
	Letter of Credit	3.27		SMERA A4 (Suspended)	
03 Mar, 2015	Term Loan	2.09	SMERA B+ (Assigned)		Stable
	Cash credit	0.85	SMERA B+ (Assigned)		Stable
	FUBP*	2.80		SMERA A4 (Assigned)	
	Letter of Credit	3.27		SMERA A4 (Assigned)	

* Foreign Usance Bill Discounted

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ABOUT SMERA

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