

June 24, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.00	SMERA BB-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (**read as SMERA double B minus**) to the abovementioned bank facility of Alaknanda Printers Private Limited (APPL). The outlook is '**Stable**'. The rating derives comfort from the company's long track record of operations, experienced management and diversified revenue stream. The rating further derives comfort from APPL's healthy operating margin and debt protection metrics. However, the rating is constrained by the company's moderate scale of operations, exposure to intense market competition and working capital intensive nature of business.

APPL, incorporated in 1978, is a Mangalore based company engaged in the manufacture of stationery products. The company has moderate scale of operations with operating income of Rs.10.97 crore in FY2013-14 (refers to financial year, April 01 to March 31) and faces stiff competition from small and medium players in the market.

APPL benefits from its experienced management. Mr. Venkatesh Madhav Pai and Mrs. Geetha Ganapathi Pai, Directors have around three decades of experience in the printing and publication industry. The company's healthy debt protection metrics is marked by a healthy debt service coverage ratio (DSCR) of 2.88 and interest coverage ratio of 2.52 times. APPL has four retail stores for selling note books, text books under the brand name 'Bharat Book' and 'Print excel'.

Outlook: Stable

SMERA believes APPL will maintain a stable business risk profile in the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the company's financial risk profile.

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About the Company

APPL, incorporated in 1978, is a part of the Bharath Beedi group engaged in the manufacture of notebooks and textbooks. The company has manufacturing units comprising 20,000 sq ft area in Karkala and Mangalore.

APPL reported profit after tax (PAT) of Rs.0.47 crore on operating income of Rs.10.97 crore for FY2013-14, as compared with PAT of Rs.0.14 crore on operating income of Rs.11.49 crore in the previous year. The company's net worth stood at Rs.1.11 crore as on March 31, 2014, as against Rs.2.07 crore a year earlier.

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