

Priyadarshini Filaments Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan	1.12	SMERA BB/Stable (Reaffirmed)
Overdraft	3.75	SMERA BB/Stable (Reaffirmed)
Letter of Credit	2.25	SMERA A4+(Reaffirmed)
Proposed Term Loan	1.60	SMERA BB/Stable (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA BB**' (read as **SMERA double B**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.8.72 crore bank facilities of Priyadarshini Filaments Private Limited (PFPL). The outlook is '**Stable**'.

The ratings continue to derive comfort from the experienced and qualified management, long operational track record and wide customer base. Further, the ratings also draw support from the moderate financial risk profile. However, the ratings are constrained by the moderate scale of operations, thin profit margins and susceptibility of profitability to volatility in raw material prices.

Update

PFPL's financial risk profile is moderate marked by gearing of 1.56 (times as on March 31, 2015). Further, the interest coverage ratio and DSCR as on March 31, 2015 are comfortable at 5.31 times and 5.25 times respectively. The networth of the company stood at Rs. 3.50 crore as on March 31, 2015.

The PAT margins have increased from 0.87 per cent in FY2013-14 to 4.28 per cent in FY2014-15 on account of proceeds from sale of land. The non-operating income from the sale of land accounted to Rs. 1.95 crore for FY2014-15 as compared to Rs.3.42 crore in FY2015-16. On account of the same, the PAT margins shot up to 12.77 per cent (provisional) for FY2015-16. The EBIDTA margins fell from 6.09 per cent in FY2013-14 to 2.20 per cent in FY2014-15 on account of increased raw material prices of HDPE granules in FY2015. However, subsequently with fall in raw material prices the EBIDTA registered 6.21 per cent in FY2015-16 (provisional).

Rating Sensitivity Factors

- Improving scale of operations while maintaining stable margins
- Efficient working capital management

Outlook-Stable

SMERA believes that PFPL will maintain a stable outlook and continue to benefit over the medium term from its established presence and experienced management. The outlook may be revised to 'Positive' if the scale of operations increases substantially, while improving operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability amidst intensifying competition in its area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

Criteria applied to arrive at the ratings

- Manufacturing Entities

About the Company

PFPL, (the erstwhile Priyadarshini Filaments), set up in 1972, is headed by Mr. Vivek Prabhu. . The company is engaged in the manufacture of technical textile products such as HDPE/PP monofilament mesh fabrics, laminated and unlaminated woven bags among others.

For FY2014-15, PFPL reported profit of Rs.1.27 crore on operating income of Rs.29.71 crore as compared with PAT of Rs. 0.24 crore on operating income of Rs. 27.54 crore for FY2013-14.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
07 July, 2015	Term Loan	1.12	SMERA BB (Assigned)	-	Stable
	Term Loan (Proposed)	1.60	SMERA BB (Assigned)	-	Stable
	Overdraft	3.75	SMERA BB (Assigned)	-	Stable
	Letter of Credit	2.25	-	SMERA A4+ (Assigned)	-

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ABOUT SMERA

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