

November 06, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	0.85	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (**read as SMERA B**) to the Rs.0.85 crore long-term (fund based) bank facility of Prince Laminates. The outlook is '**Stable**'. The rating is constrained by the firm's small scale of operations, weak financial risk profile marked by moderate interest coverage and low networth. The rating is also constrained by the working capital intensive nature of business and exposure to intense competition from other laminates dealers. However, the rating draws support from the firm's experienced management.

Outlook: Stable

SMERA believes that the firm will maintain its stable business risk profile owing to the management's extensive experience in the same line of business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Efficient working capital cycle

About the Firm

The Maharashtra-based Prince Laminates, established in 2002 is an exclusive distributor of Signature and Greenlam India laminates, under the 'Decorative' line of products. The firm is promoted by Mr. Dhiraj Gothi.

For FY2014-15, Prince Laminates reported net profit of Rs.0.09 crore on operating income of Rs.8.46 crore, as compared with net profit of Rs.0.06 crore on operating income of Rs.4.95 crore in FY2013-14. The firm's net worth stood at Rs.2.94 crore (including unsecured loan of Rs.2.68 crore) as on March 31, 2015, as compared with Rs.2.12 crore (including unsecured loan of Rs.2.10 crore) a year earlier.

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