

March 23, 2016

Facilities	Amount (Rs. Crore)	Ratings
Packing Credit	36.00	SMERA BBB/Stable (Assigned)
Stand By Line of Credit	3.00	SMERA BBB/Stable (Assigned)
Letter of Credit	1.00	SMERA A3+ (Assigned)

Long term rating has been assigned at the request of the client

SMERA has assigned a rating of '**SMERA BBB**' (read as **SMERA triple B**) and '**SMERA A3+**' (read as **SMERA A three plus**) to Rs. 39.00 crore fund based facilities and to Rs. 1.00 crore non-fund based facility of Permeshwar Fashions Impex Private Limited (PFIPL). The ratings are supported by experienced management and healthy financial risk profile marked by low gearing and comfortable coverage indicators. The ratings also draw comfort from comfortable working capital cycle and established relations with reputed clientele. However, the ratings are constrained by the geographic concentration risk, foreign exchange fluctuation risk and susceptibility of profitability to volatility in raw material prices in competitive readymade garment industry.

Rating Sensitivity Factors

- Improvement in revenues while maintaining profitability
- Deterioration in capital structure
- Working capital management

Outlook: Stable

SMERA believes PFIPL will maintain a Stable profile over medium term on the back of its experienced management. The outlook may be revised to Positive in case the company registers more than expected growth in revenues while achieving improvement in profitability. Conversely the outlook may be revised to negative in case of high working capital requirements increasing the pressure on margins.

About the Company

PFIPL, incorporated in 2004, is a Mumbai-based company promoted by Mr. B. D. Sadh. The company engaged in manufacturing and export of readymade garments. PFIPL has manufacturing facility in Vapi (Gujarat). Company caters to customers mainly in European Continent.

For 2014-15, PFIPL reported net profit after tax (PAT) of Rs. 3.21 crore on operating income of Rs. 116.28 crore as against PAT of Rs. 3.73 crore on operating income of Rs. 127.68 crore. PFIPL tangible net worth stood at Rs.39.59 crore as against Rs.36.33 crore in previous year.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Permeshwar Fashions Impex Private Limited (PFIPL)

*Rating
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