

March 23, 2016

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

*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 Permashwar 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.

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