

March 23, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA B/Stable (Assigned)
Term Loans	2.95	SMERA B/Stable (Assigned)
Bank Guarantee/Letter of Guarantee	0.05	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B** (read as SMERA B) and short term rating of '**SMERA A4** (read as SMERA A four) to the above mentioned Rs.8.00 crore bank facilities of Prince Ginning and Pressing Private Limited (PGPPL). The outlook is '**Stable**'. The ratings are constrained by the firm's low and uneven profitability, moderate financial risk profile and uneven trend in revenues. However, the rating draws comfort from the promoter's extensive industry experience. The ratings also note firm's proximity to raw material, government intervention in the industry and susceptibility of profit margins to volatility in raw material prices.,

Rating Sensitivity Factors

- Volatility in raw material prices impacting profitability.
- Sustainable and Substantial growth in revenues with improvement in profitability
- Improvement in the financial risk profile

Outlook – Stable

SMERA believes that PGPPL will benefit from its established presence in the ginning industry and experienced management. The outlook may be revised to 'Positive' in case the company improves its financial risk profile while registering growth in revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability and revenue or deterioration in the financial risk profile.

About The Firm

Prince Ginning And Pressing Private Limited was established in the year 2011 by Mr. Haidarali Makhani, Mr. Amir Makhani, Mrs. Salima Makhani & Mr. Yusuf Makhani at Katol, Nagpur. PGPPL is engaged into ginning, pressing & processing of cotton bales and seeds. The company has an installed capacity of processing 250 cotton bales per day.

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For FY2014-15, the firm reported net profit of Rs.0.35 crore on operating income of Rs.51.28 crore, as compared to net profit of Rs.0.35 crore on operating income of Rs.32.78 crore in the previous year.

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