

Prakash Textiles- Noida

Prakash Textiles- Noida: Assigned

Name of the Instrument	Amount (Rs Crore)	Assigned/Outlook
Packing Credit	9.00	SMERA A4 (Assigned)

SMERA has assigned short term rating of '**SMERA A4** (read as SMERA A four) on the Rs.9.00 crore bank facility of Prakash Textiles- Noida.

The rating is supported by the firm's long track record of operations and experienced management. The rating draws further support from the moderate financial risk profile marked by moderate operating margin and healthy interest coverage. However, the rating is constrained by the firm's high leverage (debt equity ratio) stretched working capital cycle and exposure to intense competition in the textile industry.

Prakash Textiles is engaged in the manufacture and export of readymade woven and knit garments, accessories and bags. The firm benefits from its experienced management. Mr. Prakash Maini and Mr. Uttam Maini, Promoters have around three decades of experience in the textile industry.

The firm's moderate financial risk profile is reflected in the high debtor days of 114 as on March 31, 2016 (Provisional) and healthy interest coverage ratio of 3.26 times in FY2015-16 (Provisional). The firm reported moderate gearing of 1.37 times (Provisional) and net profit margin of 2.02 per cent in FY2015-16 (Provisional). Also, the firm faces intense market competition in the textile industry.

Rating Sensitivity Factors

- Exposure to fluctuations in forex rates
- Improvement in working capital cycle

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Firm

Established in 1985, Prakash Textiles is a Noida-based partnership firm headed by Mr. Prakash Maini and Mr. Uttam Maini. The firm is engaged in the manufacture and export of readymade garments, accessories, bags among others.

For FY2015-16 (Provisional), the firm reported net profit after tax of Rs.4.51 crore on total income of Rs.82.19 crore as against net profit after tax of Rs.1.98 crore on total income of Rs.97.85 crore a year earlier. The net worth stood at Rs.13.79 crore as on March 31, 2016 (Provisional), as compared with Rs.9.27 crore a year earlier.

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