

Padmashree Graphics: Assigned

Name of the Instrument	Amount (Rs. Crore)	Rating/Outlook
Foreign Trade Credit (Proposed)	2.47	SMERA B/Stable (Assigned)
Term Loan (Proposed)	1.98	SMERA B/Stable (Assigned)
Fund Based Working Capital Limit (Proposed)	1.00	SMERA B/Stable (Assigned)
Facilities (Proposed)	0.05	SMERA B/Stable/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)** on the Rs.5.50 crore bank facilities of Padmashree Graphics (PG). The outlook is **'Stable'**.

The rating is constrained by the modest scale of business, working capital intensive operations and the highly competitive printing industry. However, the rating draws comfort from the extensive experience of the promoter.

Established in 2010, Padmashree Graphics is engaged in multi-colour printing, offset printing and related services. For FY2015-16, the firm reported modest revenues of around Rs.4.79 crore (Provisional). The operations are working capital intensive marked by gross current asset days (GCA days) of over 90 (provisional) in FY2015-16. The firm operates in a highly competitive and fragmented printing industry.

However, the firm benefits from the extensive experience of its promoters. Mr. C. Kumaravel and his brother, Mr. C. Gopi have experience of over a decade in the printing industry.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Efficient working capital management
- Future capex and its funding mix thereof
- Timely completion of its project phase

Outlook-Stable

SMERA believes that Padmashree Graphics will continue to benefit over the medium term from its promoters extensive industry experience. The outlook may be revised to 'Positive' in case the firm reports substantial and sustainable revenues or operating margins resulting in improvement in its business risk profile especially profitability. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further elongates resulting in weakening of its existing financial risk profile especially liquidity.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Firm

Established in 2010, Padmashree Graphics is a partnership firm promoted by Mr. C. Kumaravel and Mr. C. Gopi of Vellore, Tamil Nadu. The company is engaged in the business of multi colour and off set printing at Vellore, Tamil Nadu.

For FY2015-16, PG reported profit after tax (PAT) of Rs.0.02 crore (Provisional) on operating income of Rs.4.79 crore, as compared with PAT of Rs.0.01 crore on operating income of Rs.2.95 crore a year earlier.

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ABOUT SMERA

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