

September 30, 2014

Facility	Amount (Rs. Crore)	Rating
Overdraft	7.00	SMERA B-/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA B-' (read as SMERA single B minus)** on the Rs.7.00 crore bank facility of Prime Strips Private Limited (PSPL). The outlook is '**Stable**'. The rating remains constrained by the company's limited track record of operations in a highly fragmented and competitive segment of the utensils industry. The rating is also constrained by the company's low net profit margin and working capital-intensive operations. The rating factors in risks related to geographical concentration of the company's operations. However, the rating continues to draw comfort from the company's experienced management.

PSPL, incorporated in 2012, is a Delhi-based company engaged in trading of stainless steel utensils. PSPL has not undertaken the proposed takeover of its group entity (Prime Enterprises) engaged in similar line of business since 1998.

PSPL commenced commercial operations in March 2013. The company faces intense competition from several players in the unorganized segment of the utensils industry. PSPL's net profit margin is low at 0.19 per cent (provisional) in FY2013-14 (refers to financial year, April 01 to March 31). The company's operations are working capital-intensive with gross current assets (GCA) of 118 days in FY2013-14. PSPL's business operations are concentrated in the Delhi region.

PSPL benefits from its experienced management. Mr. Sanjay Kumar Goel, promoter and director of PSPL, has around 15 years of experience in the utensils industry.

Outlook: Stable

SMERA believes PSPL will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and profit margins while achieving efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, or in case of stretch in the company's liquidity position.

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SMERA RATINGS LIMITED

Prime Strips Private Limited (PSPL)

*Rating
Rationale*

About the company

PSPL, incorporated in 2012, is a Delhi-based company promoted by Mr. Sanjay Kumar Goel and Mrs. Meenakshi Goel. PSPL is engaged in trading of stainless steel utensils. The company commenced commercial operations in March 2013.

For FY2013–14 (as per provisional financial statements), PSPL reported profit after tax of Rs.0.07 crore on total operating income of Rs.34.79 crore. The company's net worth stood at Rs.3.10 crore as on March 31, 2014.

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