

**April 09, 2014**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	5.50	SMERA BBB/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB**' (read as **SMERA triple B**) to the Rs.5.50 crore bank facility of PBI India Private Limited (PIPL). The outlook is '**Stable**'. The rating is supported by the company's long track record of operations, healthy net profit margin and strong debt protection metrics. The rating is further supported by the company's experienced management and healthy revenue growth. However, the rating is constrained by the company's exposure to raw material price volatility and geographical concentration risk.

PIPL, incorporated in 1980, is a Jammu-based company engaged in processing of wheat into bran and various types of flours, including semolina (*suji*), *maida* and *aata*. PIPL reported healthy net profit margin of 3.62 per cent in FY2012-13 (refers to financial year, April 01 to March 31). The company has strong debt protection metrics, as reflected in leverage (debt-to-equity ratio) of 0.54 times as on March 31, 2013 and interest coverage ratio of 24 times in FY2012-13. PIPL benefits from its experienced management. Mr. A. K. Puri, promoter of PIPL, has around three decades of experience in the company's line of business. PIPL's revenues have grown at a healthy compound annual growth rate (CAGR) of ~18 per cent during FY2008-09 to FY2012-13.

PIPL's profit margins are highly susceptible to volatility in prices of wheat. The company is exposed to geographical concentration risk as its operations are restricted to Jammu & Kashmir.

Outlook: Stable

SMERA believes PIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company achieves sustained improvement in its scale of operations and profit margins. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's profit margins, or in case of deterioration in the company's financial risk profile on account of additional working capital borrowings.

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SMERA RATINGS LIMITED

PBI India Private Limited (PIPL)

*Rating
Rationale*

About the company

PIPL, established in 1980, is a Jammu-based company promoted by Mr. A. K. Puri. PIPL is engaged in processing of wheat into bran and flours.

For FY2012-13, PIPL reported PAT of Rs.2.46 crore on operating income of Rs.67.89 crore, as compared with PAT of Rs.1.94 crore on operating income of Rs.64.84 crore for FY2011-12. The company's net worth stood at Rs.14.12 crore as on March 31, 2013, as compared with Rs.11.66 crore a year earlier.

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