



SMERA RATINGS LIMITED

# PBI India Private Limited (PIPL)

*Rating  
Rationale***May 07, 2015**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	16.50	SMERA BBB/ Stable (Reaffirmed)
Term Loan	2.75	SMERA BBB/ Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA BBB**' (read as **SMERA triple B**) on the Rs.19.25 crore bank facilities (enhanced from Rs.5.50 crore) of PBI India Private Limited (PIPL). The outlook is '**Stable**'. The rating continues to draw comfort from the company's established operations and healthy financial risk profile. The rating is also supported by the company's experienced management and healthy revenue growth. However, the rating is constrained by the company's exposure to geographical concentration risk. The rating notes that the company's profit margins are susceptible to volatility in raw material prices.

## **Update**

PIPL reported profit after tax (PAT) of Rs.3.42 crore on operating income of Rs.97.23 crore in FY2013-14 (refers to financial year, April 01 to March 31), as compared with PAT of Rs.2.46 crore on operating income of Rs.67.89 crore in the previous year. The company's net worth stood at Rs.17.55 crore as on March 31, 2013, as compared with Rs.14.12 crore a year earlier.

PIPL has a healthy financial risk profile. The company's gearing (debt-equity ratio) reduced to 0.37 times as on March 31, 2014 from 0.54 times as on March 31, 2013. PIPL's interest coverage ratio improved to 8.31 times in FY2013-14 from 6.75 times in FY2012-13. The company has maintained a comfortable working capital cycle of 53 days in FY2013-14. PIPL registered healthy operating profit margin of 6.60 per cent in FY2013-14 (7.42 per cent in the previous year).

PIPL has undertaken debt-funded capex of Rs.3.50 crore towards capacity expansion (from 220 metric tonnes per day to 900 metric tonnes per day). The project cost was funded through internal accruals of Rs.0.75 crore and term loan of Rs.2.75 crore. SMERA believes the aforementioned capex will not have any adverse impact on the financial risk profile of PIPL.

## **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 registers strong growth in revenue while achieving sustained improvement in profit margins. 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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# PBI India Private Limited (PIPL)

## Rating Rationale

### About the company

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

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