

**April 26, 2016**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	21.25 (enhanced from Rs.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.24.00 crore bank facilities (enhanced from Rs.19.25crore) 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 experienced management and comfortable revenue growth. However, the rating is constrained by the company's exposure to geographical concentration risk and susceptibility of profit margins to volatility in raw material prices.

Update

PIPL reported profit after tax (PAT) of Rs.3.15 crore on operating income of Rs.117.53 crore in FY2014-15 (refers to financial year, April 01 to March 31), as compared with PAT of Rs.3.42 crore on operating income of Rs.97.23 crore in the previous year. The net worth stood at Rs.20.69 crore as on March 31, 2015, as compared with Rs.17.55 crore a year earlier.

PIPL has a healthy financial risk profile. The gearing (debt-equity ratio) increased to 0.50 times as on March 31, 2015 from 0.37 times as on March 31, 2014. PIPL's interest coverage ratio decreased to 8.05 times in FY2014-15 from 8.31 times in FY2013-14. The company has maintained a comfortable working capital cycle of 59 days in FY2014-15. PIPL registered healthy operating profit margin of 5.36 per cent in FY2014-15. The company has achieved revenue of ~Rs. 150.00 crore in FY2015-16 (provisional).

Rating sensitivity factors

- Increase in the scale of operations
- Geographical diversification

Outlook: Stable

SMERA believes PIPL will maintain a stable business risk profile over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if 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 profit margins or deterioration in the financial risk profile on account of additional working capital borrowings.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

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. The company is engaged in the processing of wheat.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in Web: www.smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.