

**April 17, 2014**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA BB-/Stable (Assigned)
Term Loans	2.70	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the abovementioned bank facilities of Maurya Printers Private Limited (MPPL). The outlook is '**Stable**'. The rating is constrained by company's small scale of operations, moderate financial risk profile and working capital-intensive operations. The rating factors in the company's exposure to geographical concentration amidst intense competition in the printing and packaging industry. However, the rating is supported by the company's experienced management.

MPPL, incorporated in 2003, is a Delhi-based company engaged in manufacturing of packaging and promotional articles. MPPL has small-scale operations reflected in net sales of Rs.20.40 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company's net profit margin is moderate at 2.37 per cent in FY2012-13. MPPL's moderate financial risk profile is marked by gearing (debt-to-equity ratio) of 1.41 times as on March 31, 2013 and interest coverage ratio of 1.91 times in FY2012-13. The company's operations are working capital-intensive on account of stretched receivables period of 144 days in FY2012-13. MPPL's average utilization of cash credit limit is high at ~95 per cent during April 2013 to January 2014. MPPL is exposed to geographical concentration risk as the company's operations are restricted to Delhi-National Capital Region. MPPL is also exposed to intense competition from several players in the unorganized sector of the printing and packaging industry.

The company benefits from its experienced management. Mr. Raghav Ram Maurya, managing director of MPPL, has around twenty years of experience in the printing and packaging industry.

Rating sensitivity factors

- Improvement in scale of operations and profitability
- Efficient working capital management
- Debt-funded capital expenditure
- Geographical diversification

Outlook: Stable

SMERA believes the outlook on MPPL's rated facilities will remain stable over the medium term. The company will continue to benefit from its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers sustained improvement in profit margins while maintaining healthy revenue growth and achieving efficient

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working capital management. Conversely, the outlook may be revised to 'Negative' in case of steep decline in the company's profit margins, or in case of significant deterioration in the company's capital structure on account of larger-than-expected debt-funded working capital requirements or major debt-funded capital expenditure.

About the company

MPPL, incorporated in 2003, is a Delhi-based company promoted by Mr. Raghav Ram Maurya. MPPL is engaged in manufacturing of packaging and promotional articles.

For FY2012-13, MPPL reported PAT of Rs.0.49 crore on operating income of Rs.20.60 crore, as compared with PAT of Rs.0.67 crore on operating income of Rs.17.06 crore for FY2011-12. The company's net worth stood at Rs.6.70 crore as on March 31, 2013, as compared with Rs.6.21 crore a year earlier.

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