

**November 27, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.40	SMERA BB/Stable (Reaffirmed)
Packing Credit	12.00	SMERA A4+ (Reaffirmed)
FOBP	2.50	SMERA A4+ (Reaffirmed)
Standby - Gold Card	2.00	SMERA A4+ (Assigned)

SMERA has reaffirmed the long-term rating of '**SMERA BB**' (read as **SMERA double B**) and the short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.14.90 crore bank facilities of Venus India (Venus). Further, SMERA has assigned a short-term rating of '**SMERA A4+**' to the Rs.2.00 crore bank facility (Standby-Gold Card) of Venus. The outlook is '**Stable**'. The ratings are supported by the firm's long track record of operations, above-average financial risk profile, established relations with customers and experienced management. The ratings are also supported by the healthy revenue growth registered by the firm over the past two years. However, the ratings are constrained by the firm's exposure to intense competition in the kitchenware industry. The ratings factor in risks related to the firm's working capital-intensive operations. The ratings are also constrained by the susceptibility of the firm's profit margins to volatility in raw material prices and fluctuations in foreign exchange rates.

Venus, established in 1990, is a Moradabad-based partnership firm engaged in manufacturing and export of utensils and cutlery. Venus commenced commercial operations in 1996. The firm's above-average financial risk profile is marked by moderate leverage of 0.92 times as on March 31, 2014 and healthy interest coverage ratio of 2.98 times in FY2013-14 (refers to financial year, April 01 to March 31). Venus benefits from its established association with several customers including William Sonoma, Target Stores and Country Road. The firm caters to clients based in USA, South Africa, Australia and Sweden. Venus also benefits from its experienced management. Mr. Mohammad Shakeel and Mr. Mohammad Saeed, partners of Venus, have around 20 years of experience in the kitchenware industry.

Venus faces intense competition from several players in the kitchenware industry. The firm's working capital-intensive operations are reflected in gross current asset of 140-180 days (average for the last three years) and extended inventory holding period of 80-120 days. However, SMERA believes Venus's working capital cycle may improve over the medium term on the back of expected revival in demand for kitchenware. The firm's profit margins are susceptible to volatility in prices of raw material. Venus's profitability is also exposed to forex fluctuation risk; however, the firm has not incurred forex loss during the period under study.

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Outlook: Stable

SMERA believes Venus will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the firm registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the firm's financial risk profile and liquidity position.

About the firm

Venus was established in 1990 by Mr. Mohammad Aqil. The firm commenced commercial operations in 1996. Venus is engaged in manufacturing and export of utensils and cutlery. The firm's product portfolio includes trays, bowls and mugs. The overall operations of the firm are currently managed by Mr. Mohammad Shakeel and Mr. Mohammad Saeed. Venus has a manufacturing unit in Moradabad, with installed capacity of ~150 tonnes per month.

For FY2013–14 (as per provisional financial statements), Venus reported profit after tax (PAT) of Rs.0.80 crore on operating income of Rs.43.86 crore, as compared with PAT of Rs.0.37 crore on operating income of Rs.31.17 crore in FY2012–13. The firm's net worth stood at Rs.7.97 crore as on March 31, 2014, as compared with Rs.7.71 crore a year earlier.

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