

April 22, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00	SMERA BB-/Stable (Assigned)
Term Loan	1.25	SMERA BB-/Stable (Assigned)
Bank Guarantee	0.10	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB-**' (**read as SMERA double B minus**) and '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.5.35 crore bank facilities of Reprographic System & Supplies (RSS). The outlook is '**Stable**'. The ratings are supported by the firm's established operations, comfortable financial risk profile and healthy operating profit margin. The ratings are also supported by the firm's experienced management and established relations with principal. However, the ratings are constrained by the firm's small-scale operations and stagnant revenue growth. The ratings note that the firm's profit margins are susceptible to fluctuations in forex rates.

RSS, established in 1979, is a Chennai-based partnership firm engaged in trading of printing and publishing consumables. RSS's comfortable financial risk profile is reflected in low leverage (debt-equity ratio) of 0.76 times as on March 31, 2014 and healthy interest coverage ratio of 2.30 times in FY2013-14 (refers to financial year, April 01 to March 31). The firm has reported healthy operating profit margins (in the range of 18-20 per cent) during the period under study.

RSS benefits from its experienced management. Mr. Joginder Paul Khindria, managing partner of RSS, has around two decades of experience in the firm's line of business. RSS also benefits from its long-standing association with principal supplier viz. ContiAir.

RSS has small-scale operations with revenue of Rs.10.59 crore in FY2013-14. The firm's revenue growth was stagnant during the period under study. RSS's profit margins are susceptible to forex fluctuation risk inherent in unhedged import purchases.

Outlook: Stable

SMERA believes RSS will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and established operations. 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 profit margins. Conversely, the outlook may be revised to 'Negative' in case the firm registers lower-than-expected revenues and profitability, or in case of deterioration in the firm's financial risk profile.

About the firm

RSS, established in 1979, is a Chennai-based partnership firm promoted by Mr. Joginder Paul Khindria, Mrs. Renu Khindria and Mr. Raj Kumar Renu Khindria. RSS is engaged in trading of printing and publishing consumables. The overall operations of the firm are managed by Mr. Joginder Paul Khindria. RSS has branch offices in Ahmedabad and Delhi.

For FY2013-14, RSS reported profit after tax (PAT) of Rs.0.67 crore on revenue of Rs.10.60 crore, as compared with PAT of Rs.0.72 crore on revenue of Rs.10.10 crore in FY2012-13. The firm's net worth stood at Rs.4.40 crore as on March 31, 2014, as compared with Rs.3.53 crore a year earlier.

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