

July 14, 2015

Facility	Amount (Rs. Crore)	Rating
Letter of Credit	9.00	SMERA A4+ (Assigned)

SMERA has assigned a short-term rating of '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.9.00 crore bank facilities of Excel Prime Commodities Private Limited (EPCPL). SMERA has consolidated the business and financial risk profiles of EPCPL and Vaghani Inc, part of the 'Vaghani Group' in view of the common management and operational and financial synergies within the group.

The rating derives comfort from the company's long track record of operations, experienced management, reputed and established customer base and absence of long term external borrowings. However, the rating is constrained by the company's modest scale of operations, low networth and fluctuations in foreign exchange rates.

EPCPL, incorporated in 1993, is a part of the Mumbai-based Vaghani Group and is engaged in the trading of industrial waxes and chemicals. The company is headed by Mr. Praful Vaghani, Managing Director who has around two decades of experience in the industry.

EPCPL has established relationships with reputed customers such as Hindustan Unilever Limited and Reckitt Benckiser Limited among others. The company has no long term external borrowings as on March 31, 2015.

The company's modest scale of operations is reflected in the low revenue of Rs.28.30 crore (provisional) in FY2015 as compared to Rs.28.25 crore in FY2014. The networth of EPCPL stood at Rs.2.87 crore (provisional) in FY2015 as compared to Rs.2.31 crore a year earlier due to the trading business. EPCPL is exposed to fluctuations in foreign exchange rates.

Rating sensitivity factors

- Ability to scale up its revenue while maintaining profitability
- Foreign exchange fluctuation risk

About the Company

EPCPL, incorporated in 1993, is a Mumbai-based company promoted by the Vaghani family. The company imports industrial waxes and chemicals for the domestic market.

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The company reported profit after tax (PAT) of Rs.0.54 crore on operating income of Rs.28.25 crore for FY2013-14, as compared with PAT of Rs.0.50 crore on operating income of Rs.21.18 crore in FY2012-13. The company registered PAT of Rs.0.56 crore (provisional) on operating income of Rs.28.30 crore (provisional) for FY2014-15. The firm's net worth stood at Rs.2.87 crore (provisional) as on March 31, 2015, as compared with Rs.2.31 crore a year earlier.

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