

August 28, 2015

Facilities	Amount (Rs. Crore)	Rating
<b>Letter of Credit</b>	<b>9.00</b>	<b>SMERA A4+ (Withdrawn)</b>
<b>Letter of Credit (proposed)</b>	<b>9.00</b>	<b>SMERA A4+ (Withdrawn)</b>
<b>Letter of Credit</b>	<b>9.00</b>	<b>SMERA BB-/Stable (Assigned)</b>
<b>Letter of Credit (proposed)</b>	<b>9.00</b>	<b>SMERA BB-/Stable (Assigned)</b>

SMERA has assigned long term rating of '**SMERA BB-**' (**read as SMERA double B minus**) with a '**Stable**' outlook and withdrawn short term ratings of '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.18.00 crore non-fund based bank facilities of Vaghani Inc (VI). SMERA has consolidated the business and financial risk profiles of VI and Excel Prime Commodities Private Limited together referred to as the Vaghani Group. The consolidation is due to the common management, operational and financial synergies within the group.

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

VI is a part of the Mumbai-based Vaghani Group that is engaged in trading business since 1954. Headed by Mr. Praful Vaghani who has around two decades of experience in the trading industry, the firm is engaged in the business of industrial waxes and chemical raw materials. VI has established relationships with reputed clients such as Hindustan Unilever Limited and Reckitt Benckiser Limited among others. While the firm has no long term external borrowings, it has long term unsecured loans from promoters and related parties to the tune of Rs.0.12 crore as on March 31, 2015.

The trust's modest scale of operations is reflected in the low revenue of Rs.51.06 crore in FY2015 (provisional) as compared to Rs.45.25 crore in FY2014. The networth of VI stood at Rs.4.16 crore (provisional) in FY2015 as compared to Rs.3.25 crore a year earlier. The trust imports around 90 percent of products with the balance procured domestically resulting in high exposure to forex fluctuation.

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### Rating sensitivity factors

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

### About the Trust

VI, established in 2001 as a trust, is part of the Vaghani group promoted by Mr. Praful Vaghani. The firm imports waxes and other chemicals for the domestic market.

VI reported profit after tax (PAT) of Rs.1.44 crore on operating income of Rs.45.25 crore for FY2013-14, as compared with PAT of Rs.1.11 crore on operating income of Rs.30.05 crore in FY2012-13. The trust registered PAT of Rs.1.47 crore (provisional) on operating income of Rs.51.06 crore (provisional) for FY2014-15. The firm's net worth stood at Rs.4.16 crore (provisional) as on March 31, 2015, as compared with Rs.3.25 crore a year earlier.

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