

September 29, 2015

Facilities	Amount (Rs. Crore)	Rating
Export Packing Credit (EPC) / Packing Credit Foreign Currency (PCFC)	14.00	SMERA A4 (Assigned)
Proposed Short-Term Bank Facilities	1.00	SMERA A4 (Assigned)

SMERA has assigned short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.15.00 crore bank facilities of Achieve Impex (AI). The rating is constrained by the firm's small scale of operations, modest revenue growth and low profit margins driven by trading nature of operations. The rating is also constrained by the firm's working capital intensive operations, low interest coverage, low return indicators and modest net worth. The rating also notes that the firm's business is exposed to volatility in foreign exchange rates and fluctuation in diamond prices. However, the rating draws comfort from the firm's experienced management and comfortable capital structure.

Outlook: Stable

SMERA believes that the firm will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the firm achieves sustained improvement in revenues and profitability without corresponding deterioration in the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of a decline in the firm's revenues or in case of continued pressure on the firm's profit margins. The outlook is also sensitive to major deterioration in the firm's debt-protection metrics and capital structure.

Rating Sensitivity Factors

- Scaling up of operations and improvement in operating profitability
- Working capital management

About the Firm

AI, a Mumbai-based partnership firm, established in 1996 by Mr. Anish B. Shah and Mr. Bharat M. Shah. The firm is engaged in the trading and exporting of cut and polished diamonds. AI does not have its own manufacturing unit. The firm outsources the manufacturing activity to job workers. AI derives ~75 per cent of its revenues from domestic sales and the rest through exports.

For FY2014-15, AI reported profit after tax (PAT) is Rs.0.21 crore (provisional) on operating income of Rs.59.44 crore, as compared with PAT of Rs.0.12 crore on operating income of Rs.46.07

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crore in the previous year. The firm's net worth stood at Rs.9.60 crore (provisional) as on March 31, 2015, as compared with Rs.8.75 crore a year earlier.

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