

Sri Sai Loukhyaa Exports Private Limited: Assigned

Name of the Instrument	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	10.00	SMERA BB+/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB+**' (**read as SMERA double B plus**) to the Rs.10.00 crore bank facility of Sri Sai Loukhyaa Exports Private Limited (SSLEPL). The outlook is '**Stable**'.

The rating draws comfort from the experienced management, diverse product portfolio and robust revenue growth. The rating also factors in the comfortable working capital cycle and above average financial risk profile of the company. However, the rating is constrained by the thin profit margins in agro-trading business and exposure to agro-climatic risks.

SSLEPL, incorporated in 2009 benefits from its experienced management. Mr. Vamsikrishna Veluru, Director has experience of around a decade in the industry. The company is engaged in the trading of agro and sea food products. The revenue has been robust with CAGR of 46 per cent from FY2013 to FY2016 (provisional). The revenue stood at Rs.24.51 crore in FY2013 and Rs.76.14 crore in FY2016. The company has a comfortable working capital cycle of 53 days mainly on account of low inventory holding since trading of products takes place against confirmed orders. The above average financial risk profile is marked by healthy interest coverage ratio (ICR) of 5.15 times and debt service coverage ratio (DSCR) of 3.91 times. The total outside liabilities to total net worth was (TOL to TNW) 0.91 times with low gearing (debt to equity) of 0.85 times as on March 31, 2016 (Provisional). However, the rating is constrained by the thin profit margins which stood at 0.89 per cent in FY2015 as compared to 0.91 per cent in FY2016 (Provisional), competitive agro-products business and exposure to agro-climatic risks.

Rating Sensitivity Factors

- Maintaining growth in scale of operations
- Improvement in profitability

Outlook-Stable

SMERA believes that SSLEPL will continue to benefit over the medium term from its experienced management and diversified product base. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues while improving margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

Criteria applied to arrive at the rating:

- Trading Entities

About the Company

SSLEPL, incorporated in 2009, is a Chennai-based company promoted by Vamsikrishna Veluru and Aallan Paul. It is engaged in the trading of agro based and sea food products.

For FY2014-15, SSLEPL registered profit after tax (PAT) of Rs.0.48 crore on operating income of Rs.54.11 crore, as compared with PAT of Rs.0.28 crore on operating of Rs.34.61 crore in FY2013-14.

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ABOUT SMERA

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