



SMERA RATINGS LIMITED

Poojya Export Private Limited (PEPL)

**Rating
Rationale**

December 31, 2015

| Facilities | Amount (Rs. Crore) | Ratings |
|---------------------------------------|-----------------------|----------------------------|
| Cash Credit | 2.97 | SMERA B+/Stable (Assigned) |
| Long Term Bank Facility (Proposed) | 0.03 | SMERA B+/Stable (Assigned) |
| Export Packing Credit (EPC) | 2.00 | SMERA A4 (Assigned) |
| Foreign Bill Discounting (FOBN) | 5.00 | SMERA A4 (Assigned) |

SMERA has assigned a long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and a short term rating of '**SMERA A4**' (read as **SMERA A four**) to the above mentioned Rs.10.00 crore bank facilities of Poojya Export Private Limited (PEPL). The outlook is '**Stable**'.

The ratings are constrained by the susceptibility of margins to forex fluctuation risk and volatility in raw material prices. The ratings are also constrained by the highly fragmented and competitive cotton industry that the company operates in. However, the ratings draw comfort from the extensive experience of the promoter and healthy relations with customers and suppliers.

Outlook: Stable

SMERA believes that the business risk profile of the company will improve over the medium term owing to the promoter's extensive experience and healthy relations with customers and suppliers. The outlook may be revised to 'Positive' if the company reports substantial and sustainable revenues or operating margins leading to healthy operating profitability and reduced working capital intensity. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further elongates resulting in stretched liquidity position leading to significant deterioration of the financial risk profile.

Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Efficient working capital management
- Price trends of cotton bales
- Future capex and its funding mix thereof

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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About the Company

Incorporated in 2007, PEPL is promoted by Mr. Bhavin Fadia. The company is engaged in the trading of cotton bales and carries out trade operations from Ahmedabad, Gujarat.

For FY2014-15, PEPL reported loss of Rs.0.09 crore, on operating income of Rs.4.17 crore, as compared with profit after tax (PAT) of Rs.0.11 crore on operating income of Rs.82.77 crore in the previous year.

Contact List:

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