

## Press Release

### POOJYA EXPORT PRIVATE LIMITED

30 November, 2017

### Rating Reaffirmed



<b>Total Bank Facilities Rated*</b>	Rs. 25.00 Cr.
<b>Long Term Rating</b>	SMERA B+ / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4

\* Refer Annexure for details

### Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 25.00 crore bank facilities of POOJYA EXPORT PRIVATE LIMITED. The outlook is '**Stable**'.

The Ahmedabad-based Poojya Exports Private Limited (PEPL), incorporated in 2007 was promoted by Mr. Bhavin Fadia. The company trades in cotton bales and also has been exporting the same since the last two decades.

### Key Rating Drivers

#### Strengths

- **Extensive experience of promoters**

PEPL was incorporated in 2007. The company is led by Mr. Bhavin Fadia who possesses extensive experience in the industry.

- **Healthy relations with customers and suppliers**

Having been in the industry for almost two decades, the promoter has long term relations with customers and suppliers. The company caters to a reputed client base overseas including Richcoop Company Limited, China base Ningbo Group Company Limited to name a few in China, Turkey and other countries.

- **Comfortable working capital and liquidity position**

The operations of the company are marked by gross current assets days (GCA) of 73 for FY2016-17 compared to 25 days for FY2015-16.

#### Weaknesses

- **Susceptibility of margins to foreign exchange fluctuation risk**

The profit margins are susceptible to fluctuations in cotton prices. The revenues of the company are largely driven through exports to China, Turkey, Vietnam, Bangladesh and Pakistan. As a result, revenues are susceptible to foreign exchange fluctuation risk.

- **Highly fragmented and competitive industry**

PEPL operates in a highly fragmented and competitive textile industry which consists of a large number of organised and unorganised players.

- **Average financial risk profile**

The financial risk profile is average marked by average interest coverage ratio of 1.37 times for FY2016-17 compared to 1.39 times in FY2015-16. The debt to equity ratio stood at 2.25 times as on 31 March, 2017 compared to 0.60 times as on 31 March, 2016. Further, the networth stood at Rs.2.51 crore as on 31 March, 2017 as against Rs.2.26 crore as on 31 March, 2016.

### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

### Outlook: Stable

SMERA believes that PEPL would maintain a stable outlook over the medium term on the back of its promoter's extensive industry experience and long term relations with customers and suppliers. The outlook may be revised to 'Positive' in case the company reports substantial and sustainable revenue or operating margins leading to healthy operating profitability. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further elongates thereby resulting in stretch of liquidity leading to significant deterioration of the financial risk profile.

### About the Rated Entity - Key Financials

For FY2016-17, PEPL registered PAT of Rs. 0.25 crore on revenue of Rs. 93.02 crore, compared with PAT of Rs. 0.09 crore on revenue of Rs. 53.52 crore in FY2015-16. The networth stood at Rs. 2.51 crore as on 31 March, 2017 compared to Rs. 2.26 crore in the previous year.

### Status of non-cooperation with previous CRA (if applicable)

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

### Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
31-Dec, 2015	Cash Credit	Long Term	2.97	SMERA B+/Stable (Assigned)
	Long term bank facility(Proposed)	Long Term	0.03	SMERA B+/Stable (Assigned)
	Export packing credit	Short Term	2.00	SMERA A4 (Assigned)
	Foreign bill discounting	Short Term	5.00	SMERA A4 (Assigned)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.97	SMERA B+/Stable (Reaffirmed)
Long term bank facility (Proposed)	Not Applicable	Not Applicable	Not Applicable	0.03	SMERA B+/Stable (Reaffirmed)
Export packing credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4 (Reaffirmed)
Foreign bill discounting	Not Applicable	Not Applicable	Not Applicable	20.00 (Enhanced from Rs.5 crore)	SMERA A4 (Reaffirmed)

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## ABOUT SMERA

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