

January 28, 2016

Facility	Amount (Rs. Crore)	Rating
Packing Credit	25.00	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs. 25.00 crore bank facility of Entrack Overseas Private Limited (EOPL). The outlook is '**Stable**'. The rating is constrained by the short track record of operations and working capital intensive nature of business. The rating is also constrained by susceptibility of profit margins to volatility in commodity prices and forex fluctuations amidst intense competition in the commodity trading industry. However, the rating draws supported from the promoter's extensive experience in the agro commodity business. The rating also takes into account improvement in the capital structure owing to equity infusion in FY2015.

Outlook: Stable

SMERA expects EOPL to maintain its stable business risk profile backed by promoters' experience. The outlook may be revised to 'Positive' if there is improvement in revenue and working capital management leading to better financial flexibility. Conversely, the outlook may be revised to 'Negative' if companies' financial risk profile deteriorates significantly because of significant working capital requirements.

Rating Sensitivity Factors:

- Managing working capital efficiently
- Increasing scale of operations while improving profitability margins

About the Company:

Promoted by Mr. Aditya Nayak and Ms. Sudha Nayak, EOPL, a Mangalore-based company was incorporated in 2012. The company is engaged in the trading of agriculture commodities such as coffee, maize, soya bean among others and exports them to Europe, China and Thailand.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.62 crore on operating income of Rs.88.47 crore as compared with PAT of Rs.0.78 crore on operating income of Rs.42.02 crore for FY2013-14. The company's net worth stands at Rs.9.28 crore as on March 31, 2015 as compared with Rs.8.03 crore a year earlier.

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