

## Press Release

**S. Jayavel Exim**

September 28, 2017

**Rating Reaffirmed**



<b>Total Bank Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Short Term Rating</b>	SMERA A4+

\* Refer Annexure for details

### Rating Rationale

SMERA has reaffirmed short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs. 10.00 crore bank facilities of S Jayavel Exim.

The Chennai-based S Jayavel Exim (SJE), a proprietorship firm was established in 2005 by Mr. S. Jayavel. The firm is engaged in the grading, repacking and export of agro products (onions, chillies, groundnut, and rice among others) to Singapore, Malaysia and Indonesia.

### Key Rating Drivers

#### Strengths

##### • Experienced promoters

The proprietor, Mr. S. Jayavel has around two decades of experience in the trading of agro products and has developed long term relations with customer and suppliers.

##### • Healthy scale of operations, improvement in revenue

The revenues have grown at a CAGR of 45 percent since FY2012-13. The firm registered revenue of Rs.318.85 crore in FY2015-16 as against Rs. 219.18 crore a year earlier. Further, the firm reported revenue of Rs.322 crore in FY2016-17.

##### • Comfortable financial riskprofile

The firm has comfortable financial risk profile marked by networth of Rs.6.37 crore as on 31 March, 2016 compared to Rs.5.21 crore in the previous year. The gearing stood at 2.14 times as on 31 March, 2016 as against 0.95 times as on 31 March 2015. The interest coverage ratio stood at 2.76 times for FY2015-16 and 3.38 times for FY2014-15.

#### Weaknesses

##### • Low value additivebusiness

SJE has thin operating margin of 0.78 percent and net profit margins of 0.46 percent in FY2015-16 due to low value addition in the trading of spices and agro based products.

##### • Agro climaticrisks

The firm is engaged in the grading and packaging of agro products and is hence exposed to agro climatic risks that may affect margins.

##### • Foreign exchange fluctuationrisk

The firm exports to Singapore, Malaysia, Indonesia, Sri Lanka, Thailand, Philippines and Vietnam. As a result, the profit margins are exposed to foreign exchange fluctuation risk.

### Analytical Approach

SMERA has considered the standalone financial and business risk profile of the firm to arrive at the rating.

### About the Rated Entity - Key Financials

For FY2015-16, SJE reported profit after tax (PAT) of Rs.1.47 crore, on operating income of Rs.318.85 crore, compared with PAT of Rs.1.40 crore on operating income of Rs.219.18 crore in the previous year. The networth stood at Rs.6.37 crore as on 31 March, 2016 compared to Rs.5.21 crore as on 31 March, 2015.

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

None

### Any other information

None

### Applicable Criteria

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

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
01-Apr, 2016	Packing Credit	Short Term	INR 10	SMERA A4+

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4+

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