



SMERA RATINGS LIMITED

Calcutta Overseas (CO)

Rating
Rationale**April 12, 2016**

Facilities	Amount (Rs. Crore)	Rating
Foreign Documentary Bill Purchase	18.00	SMERA A4+ (Assigned)
Packaging Credit	5.00	SMERA A4+ (Assigned)

SMERA has assigned short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the above mentioned bank facilities of Calcutta Overseas (CO). The rating draws comfort from the experience of the management, efficient working capital management and moderate scale of operation. However, the rating is constrained by the below average financial risk profile marked by low net worth, weak debt protection measures and modest gearing. The rating is also constrained by the geographical concentration of revenues.

Rating Sensitivity Factors

- Sustainability of revenues and improvement in profit margins
- Extent of capex and its funding mix

About the Firm

CO, established in 1998 by Mr. Swapan Kumar Saha at West Bengal is engaged in the export of raw cotton and cotton yarn to Bangladesh. The firm reported profit after tax (PAT) of Rs.0.69 crore on operating income of Rs.107.70 crore for FY2014-15, as compared with PAT of Rs.0.72 crore on operating income of Rs.113.24 crore in FY2013-14.

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