

Press Release

Calcutta Overseas (CO)

09 April, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 29.60 Cr.
Short Term Rating	SMERA A4+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 29.60 crore bank facilities of Calcutta Overseas (CO).

The Kolkata-based Calcutta Overseas was established in 1998 as a proprietorship concern by Mr. Swapan Kumar Saha. The firm is engaged in the export of raw cotton and cotton yarn mainly to Bangladesh.

Key Rating Drivers

Strengths

- **Experienced Management**

The proprietor, Mr. Swapan Kumar Saha has experience of almost two decades in the textile industry.

- **Moderate scale of operation**

The scale of operations has been moderate at Rs.129.86 crore in FY2017, an increase from Rs.94.37 crore in FY2016.

Weaknesses

- **Geographical concentration risk**

Since the firm's export of raw cotton and cotton yarn is limited to Bangladesh, it is exposed to geographical concentration risk.

- **Average financial risk profile**

The average financial risk profile is marked by moderate networth of Rs.3.47 crore in FY2017, an increase from Rs.2.88 crore in FY2016, mainly on account of retention of current year profit. The gearing of the firm stood high at 2.53 times in FY2017 and 1.53 times in FY2016. This is mainly on account of increase in short term debt and unsecured loan taken from the promoters. The Interest Coverage Ratio (ICR) stood moderate at 1.37 times and comfortable Debt Service Coverage Ratio (DSCR) of 1.37 times in FY2017.

Analytical Approach

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

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	129.86	94.37	107.70
EBITDA	Rs. Cr.	2.25	1.98	1.98
PAT	Rs. Cr.	0.79	0.62	0.69
EBITDA Margin	(%)	1.73	2.10	1.84
PAT Margin	(%)	0.61	0.66	0.64
ROCE	(%)	30.17	36.08	80.09
Total Debt/Tangible Net Worth	Times	2.53	1.53	1.17
PBDIT/Interest	Times	1.37	1.33	1.36
Total Debt/PBDIT	Times	2.98	1.75	1.34
Gross Current Assets (Days)	Days	29	23	19

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

NA

Any other information

NA

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
27-Dec-2017	Bill Discounting	Short Term	INR 18.00	SMERA A4+ (Reaffirmed)
	Packing Credit	Short Term	INR 5.00	SMERA A4+ (Reaffirmed)
31-Aug-2017	Bill Discounting	Short Term	INR 18.00	SMERA A4+ (Indicative)
	Packing Credit	Short Term	INR 5.00	SMERA A4+ (Indicative)
12-Apr-2016	Bill Discounting	Short Term	INR 18.00	SMERA A4+ (Assigned)
	Packing Credit	Short Term	INR 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. Cr.)	Ratings/Outlook
Bill Discounting	Not Applicable	Not Applicable	Not Applicable	23.00	SMERA A4+ (Reaffirmed)
Packing Credit	Not Applicable	Not Applicable	Not Applicable	6.60	SMERA A4+ (Reaffirmed)

Contacts

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 suman.chowdhury@smera.in Abhishek Dey Executive Analyst - Rating Operations Tel: +91 33 6620 1208 abhishek.dey@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in

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