

### Exult Agency Private Limited: Assigned

Name of the Instruments	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	5.00	SMERA B/Stable (Assigned)
Stand by line of Credit	0.75	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B' (read as SMERA B)** on the Rs.5.00 crore (fund based) bank facility and short term rating of '**SMERA A4' (read as SMERA A four )** on the Rs.0.75 crore (fund based) bank facility of Exult Agency Private Limited (EAPL). The outlook is '**Stable**'.

The ratings are constrained by the intense market competition and geographic concentration risk. The ratings are also constrained by the below average financial risk profile marked by high leverage, low net worth and weak debt protection metrics. However, the ratings draw support from the experienced management and diversified sources of revenue.

EAPL's operations are confined to Burdwan district (West Bengal). The company's debt-to-equity ratio stands high at 4.00 times in FY2015. The interest coverage ratio is at 1.11 times and DSCR at 0.66 times as on FY2015. The net worth levels of the company stood at Rs 1.99 crore in FY2015.

However, the ratings draw comfort from the extensive experience of the promoters in this line of business. The ratings are further strengthened by the diversified revenue sources. The company deals in consumer electronic goods such as televisions, refrigerators, air conditioners among others apart from being an authorised distributor of BSNL for Sim cards, recharge vouchers and broadband services.

#### Rating Sensitivity Factors

- Improvement in the capital structure
- Scaling up operations while improving profit margins

#### Outlook-Stable

SMERA believes that EAPL will continue to benefit over the medium term from the promoters vast experience in product distribution. The outlook may be revised to 'Positive' if the company registers more than expected revenue growth while improving operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenue growth amidst intensifying competition in its area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

#### Criteria applied to arrive at the ratings:

- Trading entities

#### About the Company

EAPL was established in 1985 as a partnership firm and converted into a private limited company in 2001. The company primarily deals in consumer electronic goods through its four showrooms at Burdwan (West Bengal). It is also an authorised distributor for BSNL's sim cards, recharge vouchers and broadband services.

For FY2014–15, EAPL reported profit after tax (PAT) of Rs.0.07 crore on total operating income of Rs. 45.53 crore, as compared with PAT of Rs.0.29 crore on total operating income of Rs. 46.32 crore in FY2013–14.

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**ABOUT SMERA**

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