

Ganesh Impex: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	2.50	SMERA B/Stable (Assigned)
Term Loan	1.60	SMERA B/Stable (Assigned)
Letter of Credit	1.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of **'SMERA B' (read as SMERA B)** and short term rating of **'SMERA A4' (read as SMERA A four)** on the Rs.5.10 crore bank facilities of Ganesh Impex. The outlook is **'Stable'**.

The ratings are constrained by the firm's small scale of operations, below average financial risk profile and working capital intensive business. The ratings also note the exposure of profit margins to volatility in raw material prices and risks associated with the proprietorship constitution of the firm. However, the ratings draw support from the experienced management.

Ganesh Impex, established in 2009 is engaged in the manufacturing of aluminium utensils. The firm operates on a small scale with revenues of Rs.3.43 crore in FY2014-15 as against Rs.3.07 crore in FY2013-14. The financial risk profile of the firm is below average marked by gearing of 2.56 times as on March 31, 2015 due to its low networth base of Rs.0.79 crore as on March 31, 2015.

The operations of the firm are working capital intensive on account of high gross current assets days of 155 in FY2014-15. The operating margins declined from 16.71 per cent in FY2013-14 to 15.69 per cent in FY2014-15 due to increase in raw material cost. The major raw material procured by the firm is aluminium ingots and scraps and the prices are highly volatile by nature. Hence the firm is susceptible to adverse fluctuations in raw material prices. Further, the ratings also note the proprietorship constitution of the firm which has an inherent risk of capital withdrawal.

Ganesh Impex benefits from its experienced management. Mr. Siva Kumar, (Proprietor) possesses more than 15 years of experience in the manufacture of household utensils.

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Effective working capital management
- Improvement in the capital structure

Outlook-Stable

SMERA believes that the outlook on Ganesh Impex's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' if the firm expands its scale of operations while improving profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile due to higher than expected debt funded working capital requirements.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Firm

Ganesh Impex, established in 2009 is a Chennai-based proprietorship firm promoted by Mr.Sivakumar. The firm is engaged in the manufacture of aluminium utensils and induction cookware at its two manufacturing units at Chennai, Tamil Nadu. The firm has a total production capacity of 22.20 tons per month.

For FY2014-15 (refers to financial year, April 01 to March 31), the firm reported profit after tax (PAT) of Rs.0.23 crore on operating income of Rs.3.43 crore as compared with profit after tax (PAT) of Rs.0.26 crore on operating income of Rs.3.07 crore in FY2013-14.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operation, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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