

Yeyo International: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	1.00	SMERA BB-/Stable(Assigned)
Letter of Credit	10.00	SMERA A4(Assigned)

SMERA has assigned long term rating of **'SMERA BB-' (read as SMERA double B minus)** and short term rating of **'SMERA A4' (read as SMERA A four)** on the Rs.11.00 crore bank facilities of Yeyo International (Yeyo). The outlook is **'Stable'**.

The ratings derive comfort from the experienced management, moderate financial risk profile and improving profit margins. However, the ratings are constrained by the susceptibility of profit margins to foreign exchange fluctuation risk and volatility in raw material prices. The ratings also factor in the declining revenue trend.

Yeyo, a proprietorship firm, established in 2007 is engaged in the trading of zircon sand, zircon ore, alumina grinding and other allied products. The firm is promoted by Mr. Atit Vora, who possesses extensive experience in the minerals industry.

The financial risk profile of the firm is moderate marked by gearing of 0.42 times as on March 31, 2015 and interest coverage ratio (ICR) of 5.64 times in FY2014-15. As per provisional financials, the gearing stood at 0.02 times as on March 31, 2016 and ICR at 12.00 times in FY2015 on account of infusion of capital.

The EBITDA margins improved from 3.83 percent in FY2014-15 to 7.15 per cent in FY2015-16 (provisional). However, the margins are susceptible to foreign exchange fluctuations since the firm imports material from Sri Lanka, Australia, South Africa among others. Besides, the prices of these minerals are volatile in nature exposing the firm's profitability to volatility in prices.

The revenues of the firm have been declining year on year due to fluctuations in commodity prices in the international market. The operating income declined to Rs.25.94 crore in FY2015-16 (Provisional) from Rs.33.56 crore in FY2014-15.

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Managing foreign exchange fluctuation risk

Outlook-Stable

SMERA believes that Yeyo will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm registers sustained growth in revenue while improving margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenue and profitability or deterioration in the financial risk profile.

Criteria applied to arrive at the ratings:

- Trading Entities

About the Firm

Yeyo International, established in 2007 is an Ahmedabad-based proprietorship firm promoted by Mr. Atit Vora. The firm trades in zircon sand, zircon ore, alumina grinding and others products. Yeyo, is a part of the Opaque group of companies. The other group companies are Opaque Ceramics Private Limited, (manufactures zirconium silicate opacifiers), Om Ceramics Private Limited (manufactures zircon flours) and Chris International (trades in machinery).

In FY2014-15, Yeyo registered profit after tax (PAT) of Rs.1.21 crore on operating income of Rs.30.51 crore, as compared to loss of Rs.2.02 crore on operating income of Rs.33.56 crore in FY2013-14. Further, in FY2015-16 (Provisional), Yeyo registered PAT of Rs.2.08 crore on operating income of Rs.25.94 crore.

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ABOUT SMERA

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