

Press Release

Goldstar International Private Limited (GIPL)

May 23, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 12.00crore
Short Term Rating	SMERA A4+ (Assigned)

* Refer Annexure for details

Rating Rationale

SMERA has assigned a short term rating of **‘SMERA A4+’ (read as A four plus)** to Rs. 12.00 crore bank facilities of Goldstar International Private Limited (GIPL).

Goldstar International Private Limited (GIPL) was incorporated in the year 2009 by Ms. Poly Saha, Mr. Kumaresh Chandra Paul, Mr. Swapan Kumar Saha and Ms. Gouri Paul. The company is into trading of raw cotton and cotton yarn and derives around 70 per cent of their revenues from trading activities. GIPL is also engaged in manufacturing of fabric from cotton yarn and manufacturing activities contribute to around the balance 30 percent of their revenues. The company has an installed capacity of 300 tons per month with its manufacturing facilities in Kolkata. The company exports raw cotton, cotton yarn to Bangladesh. In the domestic market the company sells to local players in Kolkata, West Bengal.

Key Rating Drivers Strengths

• Experienced Promoters and long track record of operation

Goldstar International Private Limited (GIPL) was incorporated in the year 2009 by Ms. Poly Saha, Mr. Kumaresh Chandra Paul, Mr. Swapan Kumar Saha and Ms. Gouri Paul. The company is into trading of raw cotton and cotton yarn as well as manufacturing of fabric from cotton yarn. The director, Mr. Swapan Kumar Saha has around two decade of experience by virtue of his association with Calcutta Overseas (rated at SMERA A4+) in this line of business.

• Improvement in profitability margins along with moderate financial risk profile

The profitability margins increased during FY2015 to FY2017. The EBITDA margins stood at 3.59 percent in FY2017 as against 2.98 percent in FY2016 and 1.95 percent in FY2015. The improvement in margins has been driven mainly by the increasing proportion of manufacturing revenues. This is majorly on account of increase in domestic sales and also due to increase in the portion of manufacturing activities in the total revenue earned. The PAT margins stood at 2.03 percent in FY2017 as against 0.97 percent in FY2016.

The company has average financial risk profile marked by net worth of Rs. 4.97 crore as on 31 March, 2017 as against Rs. 3.54 crore as on 31 March, 2016. The gearing stood moderate at 0.55 times as on 31 March, 2017 as against 0.45 times as on 31 March, 2016. The Interest Coverage Ratio stood at 3.43 times in FY2017 as against 2.43 times in FY2016. The net cash accruals stood at 0.51 crore in FY2017 and NCA/TD at 0.19 times in FY2017 as against 0.26 times in FY2016. The TOL/TNW stood at 0.64 times in FY2017 as against 0.60 times in FY2016.

Weaknesses

• Modest scale of operations

The revenues of the company have been uneven during the period FY2015 to FY2017. The revenue stood at Rs. 16.39 crore in FY2017 as against Rs. 21.50 crore in FY2016 and Rs. 15.69 crore in FY2015. The reason for uneven trend is due to the fact that company is involved in variable proportion of both trading and manufacturing activities. Further the company booked revenue of Rs. 48.00 crore in FY' 2018 (Provisional).

• Geographical concentration risk

Since the company's export of raw cotton and cotton yarn is limited to Bangladesh, it is exposed to geographical concentration risk. The company's domestic sale is also limited to local players in Kolkata, West Bengal.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of GIPL to arrive at this rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	16.39	21.50	15.69
EBITDA	Rs. Cr.	0.59	0.64	0.31
PAT	Rs. Cr.	0.33	0.21	0.05
EBITDA Margin	(%)	3.59	2.98	1.95
PAT Margin	(%)	2.03	0.97	0.33
ROCE	(%)	10.92	15.75	11.44
Total Debt/Tangible Net Worth	Times	0.55	0.45	-
PBDIT/Interest	Times	3.43	2.43	4.05
Total Debt/PBDIT	Times	3.12	1.94	0.00
Gross Current Assets (Days)	Days	117	52	29

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

None

Any other information:

None

Applicable Criteria

- Default Recognition-<https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments-<https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities-<https://www.smera.in/criteria-manufacturing.htm>
- Trading Entities- <https://www.smera.in/criteria-trading.htm>

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years):

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
FDBP/FUDBP	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4+ (Assigned)
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4+ (Assigned)

Contacts:

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 suman.chowdhury@smera.in Debalina Maity Rating Analyst- Rating Operations Tel: 033-6620-1212 debalina.maity@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.