

Kushal Karyashala (Kushal)

Kushal Karyashala: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	5.50	SMERA BB-/Stable (Suspension Revoked; Rating Assigned)

SMERA has revoked the suspension of rating on the above mentioned bank facilities of Kushal Karyashala (Kushal) and assigned rating of '**SMERA BB-**' (**read as SMERA double B minus**) on the Rs.5.50 crore long term (fund based) bank facility. Further SMERA has also withdrawn the short term rating of '**SMERA A4**' (**SMERA A four**) on the above mentioned bank guarantee as the firm is not availing the facility as confirmed by the banker and the management. The outlook is '**Stable**'.

SMERA had, on 8 June, 2015 suspended the above rating for lack of necessary information from Kushal. The company has now shared the requisite information, enabling SMERA to assign a rating.

The rating derives comfort from the firm's experienced management and moderate financial risk profile marked by low leverage and healthy debt protection metrics. However, the aforementioned strengths are partially offset by the modest scale of operations and working capital intensive business in a competitive and fragmented household goods industry.

Kushal, established in 2002, is a New Delhi-based partnership firm engaged in the manufacturing and trading of household items such as brooms, wipes, floor dusters among others. The firm's moderate financial risk profile is marked by low leverage (debt-equity ratio) of 0.42 times as on March 31, 2016 as compared to 0.54 times in the previous year. The firm has comfortable interest coverage ratio of 2.10 times in FY2015-16 (refers to financial year, April 01 to March 31) as compared to 2.17 times in the previous year.

The firm benefits from its experienced management. Mr. Vijay Mangla, partner has experience of over a decade in the firm's line of business. The revenues have been modest at Rs.26.18 crore in FY2015-16 as compared to Rs.21.84 crore in the previous year. The firm has working capital intensive operations evident from the working capital cycle of 102 days in FY2015-16.

Outlook- Stable

SMERA believes that Kushal will maintain a stable outlook over the medium term on the back of its experienced management. The outlook may be revised to 'Positive' in case the firm registers sustained growth in revenues while maintaining profitability and debt protection metrics. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial risk profile.

Rating Sensitivity Factors

- Scaling up operations
- Improvement in profitability

Criteria applied to arrive at the ratings:

- Manufacturing entities
- Trading entities

About the Firm

Kushal Karyashala, established in 2002, is a New Delhi-based partnership firm promoted by Mr. Vijay Mangla and Ms. Shashi Mangla. Kushal has two manufacturing units at Sonipat (Haryana) and New Delhi.

For FY2015–16, Kushal reported profit after tax (PAT) of Rs.0.68 crore on operating income of Rs.26.18 crore, as compared with PAT of Rs.0.49 crore on operating income of Rs.21.84 crore in the previous year. The firm has booked operating income of Rs.14.50crore from April 01, 2016 to September 26, 2016. The net worth stood at Rs.9.73 crore as on March 31, 2016, as compared with Rs.6.18 crore a year earlier

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Outlook
			Long Term	Short Term	
8 June, 2016	Cash Credit	2.25	SMERA B+ (suspended)	-	Stable
	Bank Guarantee	6.50	-	SMERA A4 (suspended)	-
11 February, 2014	Cash Credit	2.25	SMERA B+ (Assigned)	-	Stable
	Bank Guarantee	6.50	-	SMERA A4 (Assigned)	-

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ABOUT SMERA

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