

Alliance Petroleums Private Limited: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Cash Credit	22.00	SMERA B-/Stable (Suspension Revoked; Rating Assigned)

SMERA has revoked the suspension of rating on the above mentioned Rs.22.00 crore bank facility of Alliance Petroleums Private Limited (APPL) and assigned long-term rating of **'SMERA B-' (read as SMERA B minus)**. The outlook is **'Stable'**.

The rating is constrained by the company's weak financial risk profile marked by significant decline in revenue, high gearing and stretched liquidity position. The rating is also constrained by the intense competition in the furnace oil trading business. However, the rating is supported by the company's experienced management.

APPL, incorporated in 2002, is a Delhi-based company engaged in the trading of furnace oil. The company's revenue declined from Rs.43.26 crore in FY2013-14 to Rs.34.13 crore in FY2014-15. The company has high gearing (debt-to-equity) at 6.22 times as on March 31, 2015 against 5.93 times in FY2013-14. The interest coverage ratio is low and stood at 0.90 times in FY2014-15 against 1.13 times in FY2013-14. The company has stretched liquidity profile (bank limit utilisation of cash credit limit is 90-95 per cent) and is exposed to intense competition in the furnace oil trading business.

The promoters, Mr. Sameer Anand and Ms. Payal Anand, have more than 15 years of experience in the aforementioned line of business.

Outlook: Stable

SMERA believes APPL will maintain a stable outlook in the medium term owing to its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers sustained improvement in profitability, financial risk profile and working capital management. Conversely, the outlook may be revised to 'Negative' in case of further stretch in the liquidity position or deterioration in the capital structure.

Rating Sensitivity Factor

- Improvement in revenue and profitability profile.
- Improvement in working capital cycle.

Criteria applied to arrive at the ratings:

- Trading Entities

About the Company

APPL, incorporated in 2002, is a Delhi-based company promoted by Mr. Sameer Anand and Ms. Payal Anand. The company trades in furnace oil.

For FY2014-15, APPL reported losses of Rs.0.50 crore on operating income of Rs.34.13 crore, as compared with losses of Rs.0.05 crore on operating income of Rs.43.26 crore for FY2013-14. The company's net worth stood at Rs.5.22 crore as on March 31, 2015, as compared with Rs.5.75 crore a year earlier.

Rating History

Date	Facilities	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
28 Sept, 2015	Cash Credit	22.00	SMERA B- (Suspended)	-	Stable
01 July, 2014	Cash Credit	22.00	SMERA B- (Assigned)	-	Stable

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ABOUT SMERA

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