

**July 11, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	7.00	SMERA BB/Stable (Assigned)
Standby Line of Credit	1.25	SMERA BB/Stable (Assigned)
Letter of Credit	7.00*	SMERA A4+ (Assigned)
Forward Contract	0.50	SMERA A4+ (Assigned)

*\*Includes sublimit of Rs.5.00 crore for Buyer's Credit*

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the abovementioned bank facilities of Meet Marketing (India) Private Limited (MMIPL). The outlook is '**Stable**'. The ratings are constrained by the company's moderate operating scale and high leverage. The ratings are further constrained by the company's working capital-intensive operations, negative operating cash flows and moderate liquidity position. However, the ratings are supported by the company's experienced management and exclusive distribution rights.

MMIPL, incorporated in 2004, is an Ahmedabad-based company engaged in trading of chemicals and food additives. MMIPL has a moderate operating scale reflected in revenues of Rs.89.32 crore in FY2012-13 (refers to financial year, April 01 to March 31). The company's leverage is high at 2.24 times as on March 31, 2013. However, MMIPL's total debt of Rs.15.80 crore (as on March 31, 2013) includes interest-bearing unsecured loans of Rs.2.31 crore from related parties. MMIPL's operations are working capital-intensive. The company's working capital cycle stretched from 53 days in FY2011-12 to 65 days in FY2012-13. MMIPL reported negative operating cash flows in FY2012-13 due to increase in working capital requirements. The company has a moderate liquidity position, which is reflected in average utilisation (~84 per cent) of working capital limit during July 2013 to May 2014. Moreover, MMIPL availed adhoc cash credit limit of Rs.1.50 crore during September 2013 to December 2013. The company has additionally availed overdraft facility of Rs.1.50 crore in January 2014.

MMIPL benefits from its experienced management. Mr. Jagdish Thakkar, director of MMIPL, has around two decades of experience in the chemical trading industry. MMIPL has exclusive rights (in Gujarat) to distribute products manufactured by various reputed companies, including Indofil Industries Limited, Shriram Vinyl and Chem Limited and Grasim Industries Limited.

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SMERA RATINGS LIMITED

## Meet Marketing (India) Private Limited (MMIPL)

*Rating  
Rationale*

### Outlook: Stable

SMERA believes the outlook on MMIPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company expands its scale of operations while maintaining a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile.

### About the company

MMIPL, incorporated in 2004, is an Ahmedabad-based company promoted by Mr. Jagdish Thakkar. MMIPL is engaged in trading of chemicals (including PVC resin and PVC polymer additives) and food additives.

For FY2012-13, MMIPL reported net profit of Rs.0.93 crore on total income of Rs.89.32 crore, as compared with net profit of Rs.0.69 crore on total income of Rs.64.59 crore for FY2011-12. Further, MMIPL registered revenues of Rs.112.39 crore (provisional) during FY2013-14. The company's net worth stood at Rs.7.05 crore as on March 31, 2013, as compared with Rs.6.12 crore a year earlier.

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