

## Kamakhya Traders

Instrument	Amount Outstanding	Rating Action
	Rs Crore	June 2016
Fund Based – Cash Credit Limit	6.0	[ICRA]B; assigned
Unallocated	1.0	[ICRA]B; assigned
<b>Total</b>	<b>7.0</b>	

ICRA has assigned its long-term rating of [ICRA]B (pronounced ICRA B) to the Rs. 7.0 crore<sup>1</sup> fund based facilities of Kamakhya Traders (Kamakhya)<sup>2</sup>.

The assigned ratings take into account the long standing experience of the promoters of more than a decade in the coal trading business, the strong customer relations maintained by the firm with the agents as well as the stable but weak operating margins given the trading nature of business. The rating is however constrained by the modest scale of operations which have seen a decline in volumetric sales over the past three years on account of limited geographic reach; firm has been catering to parts of Uttar Pradesh with major concentration in Gorakhpur. The ratings also factor in the substantial working capital cycle marked by stretched liquidity position (NWC/OI standing at 27% in FY2015) and the weak coverage indicators (NCA/TD of 2.4% and interest coverage of 1.5 times in FY2015).

Going forward Kamakhya's ability to increase its scale of operations and reduce its liquidity dependence on external borrowings by improving its working capital cycle would be the key rating sensitivities.

### Company Profile

Incorporated in 2001, Kamakhya Traders has been engaged in the trading of coal especially coking coal used for metallurgical uses as well as providing allied services such as logistics and transportation of coal to its customers. The firm purchases the coal domestically from Assam, Kolkata and Gorakhpur while sells off to steel and other metal players, tyre manufacturing companies as well as construction units. The coal is received in Goarkhpur by another team of Kamakhya which load the same on the logistics units provided by the customers.

### Recent results

Kamakhya reported a net profit of Rs 0.3 crore on an operating income (OI) of Rs 27.1 crore in FY2015 as compared to a net profit of Rs. 0.3 crore on an OI of Rs. 27.5 crore. On provisional results, the company achieved an OI of Rs. 30.3 crore in FY2016.

**June 2016**

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<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating definition please refer to ICRA website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications



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