



September 20, 2010

## ICRA assigns LBB (stable)/A4 rating to bank facilities of Viaban Exim Private Limited

ICRA has assigned an LBB (pronounced as L double B) and an A4 (pronounced as A four)<sup>1</sup> rating to Rs. 10.00 crore long term and short term fund based bank facilities of Viaban Exim Private Limited (VEPL)<sup>†</sup>. The outlook of the assigned rating is stable. The long term and the short term limits are interchangeable such that the total utilisation doesn't exceed Rs. 10 crore.

The ratings take into account VEPL's small scale of operations limiting economies of scale in a highly fragmented and competitive market with low entry barriers. The ratings also factor in the highly leveraged capital structure of the company and high working capital intensity coupled with weak coverage ratios and cash flows. Further, the operations remain vulnerable to agro climatic conditions and its exposure to exchange rate risk following its export dominated revenue profile. The ratings however draw comfort from the promoters' experience in the agro trading and building material business and their long standing relationships with suppliers and customers reflected in its diversified customer base. Further, prices of agro products (Spices and Oilseeds account for 70% of its total sales) dealt with by the company are relative less prone to export regulations and their prices are comparatively less volatile.

### About the Company

Established in 2004, VEPL is a government recognized export house engaged in the business of trading in agricultural commodities and building materials. VEPL deals in exports of agro commodities like spices and oilseeds and building material like ceramic tiles, granites and marbles. Spices like chillies, turmeric and coriander and oilseeds like sesame seeds contribute to around 70% of its total sales.

The firm has a registered office in Mumbai. The building material is mainly exported through Kandla and Mundra port while agro products are shipped through the port nearest to the procurement station.

### Recent results:

VEPL recorded a net profit of Rs. 0.79 crore on an operating income of Rs. 36.65 crore for the year ending March 31, 2010 and net profit of Rs. 0.57 Crore on an operating income of Rs. 29.48 crore for the year ending March 31, 2009 as per the audited figures.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

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

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

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