



Radha Krishna Impex Private Limited

Instrument	Amount	Rating Action
Fund Based Limit – Cash Credit	Rs. 1.50 crore	[ICRA]BB (Stable) assigned
Fund Based Limit – Export Packing Credit	Rs. 7.00 crore	[ICRA]BB (Stable) assigned
Fund Based Limit – Foreign Bill Discount	Rs. 2.00 crore	[ICRA]BB (Stable) assigned
Non Fund Based Limit – Foreign Letter of Credit	Rs. 2.00 crore	[ICRA]A4 assigned
Non Fund Based Limit – Bank Guarantee	Rs. 1.00 crore	[ICRA]A4 assigned
Non Fund Based Limit – Forward Contract	Rs. 0.10 crore	[ICRA]A4 assigned

ICRA has assigned a long term rating of [ICRA]BB (pronounced ICRA double B) to the Rs. 1.50 crore^{*} cash credit, Rs. 7.00 crore export packing credit and Rs. 2.00 crore foreign bill discount facilities of Radha Krishna Impex Private Limited (RKIPL)[†]. The outlook on the long term rating is stable. ICRA has also assigned a short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 2.00 crore foreign letter of credit, Rs. 1.00 crore bank guarantee and Rs. 0.10 crore forward contract facilities of RKIPL.

The assigned ratings take into account the experience of the promoters in the trading of various agro based commodities, established as well as continuing relationship of RKIPL with its clients, which mitigates counter-party risks to an extent and a comfortable capital structure of the company, although the overall gearing has shown an increasing trend in the last two years. The ratings are, however, constrained by the highly fragmented and competitive nature of the industry that keep margins under check, and exposure to agro-climatic risks as the products being traded are seasonal in nature. The ratings also factor in the susceptibility of profitability of the company to changes in various export incentives extended by the Government of India (GoI), small scale of RKIPL's current operations and pressure on the company's liquidity position, as reflected by a high utilization of bank limits, which also resulted in a significant interest burden and depressed interest coverage ratio in 2013-14. Although, top-line of the company has increased significantly in the last two years, a major portion of the company's profits in 2013-14 was derived from RKIPL's share of profits in a group entity; performance of the latter, therefore, is critical for the profitability of the company.

Going forward, the company's ability to scale up its operations, while maintaining its profitability and managing the liquidity efficiently, would remain critical from a credit perspective.

Company Profile

Incorporated in 1994, RKIPL is engaged in the trading of processed fruits like mango pulp, litchi pulp, guava pulp and others. The company also trades in fresh fruits like litchi and processed vegetables like tomato. A majority of the products traded by the company are procured from various states in India and exported to different countries. The company has its warehouse in Muzaffarpur, Bihar.

Recent Results

In 2013-14, the company reported a net profit of Rs. 1.55 crore on an operating income of Rs. 30.93 crore; as compared to a net profit of Rs. 1.79 crore on an operating income of Rs. 20.99 crore in 2012-13.

October 2014

^{*} 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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