

## Nemlaxmi Books (India) Private Limited

Instrument	Amount Rated	Rating Action
Cash Credit	Rs 10.00 crore (enhanced from Rs. 7.00 crore)	[ICRA]B+ reaffirmed
Term Loans	Rs 0.90 crore (reduced from Rs. 2.14 crore)	[ICRA]B+ reaffirmed
Non fund based	Rs 0.72 crore	[ICRA]A4 reaffirmed

The long term rating of [ICRA]B+ (pronounced ICRA B plus) has been reaffirmed to the Rs 10.00 crore<sup>1</sup> (enhanced from Rs. 7.00 crore) cash credit facility and Rs. 0.90 crore (reduced from Rs. 2.14 crore) term loan facility of Nemlaxmi Books (India) Private Limited (NBPL)<sup>2</sup>. Further, the short term rating of [ICRA]A4 (pronounced ICRA A four) has also been reaffirmed to the Rs 0.72 crore short term non fund-based facility of NBPL.

The reaffirmation of ratings factors in Nemlaxmi Books (India) Private Limited's (NBPL) modest scale of operations with de-growth in reported in FY15, moderate financial risk profile characterized by average profitability margins, moderate return and debt coverage indicators, leveraged capital structure and high working capital intensity. The ratings continue to remain constrained by the highly competitive and fragmented domestic industry structure, vulnerability of profitability to raw material price fluctuations given the high share of raw material costs in the overall cost structure, and tight liquidity position of the company as reflected by the high utilization of working capital facilities. The profitability also remains exposed to foreign exchange rate fluctuations in light of large portion of exports and absence of formal hedging policy.

However, the ratings take comfort from the long experience of the promoters as well as the long track record of the company within the paper and paper based stationery products industry, the established brand and product quality of the company, which ensures stable order flow both from domestic and overseas markets and the established and moderately diversified customer base of the company.

### Company Profile

Established in 1992, Nemlaxmi Books (India) Pvt. Ltd. (NBPL) is promoted by Mr. Vimal Sekhani for manufacturing and trading of paper and paper-based stationery products. The registered office and manufacturing facilities of NBPL are located in Surat. Till FY15, the company had two manufacturing units located in Surat with capacities of 10 Metric Tonnes Per Day (MTPD) and 35 MTPD. However, during the current financial year, the company sold one of the factory buildings and merged both the facilities.

### Recent Results

For the year ended March 31, 2015, the company reported an operating income of Rs. 31.25 crore and profit after tax of Rs. 0.51 crore as against an operating income of Rs. 41.25 crore and profit after tax of Rs. 0.32 crore for year ended March 31, 2014. As per provisional financials, the company reported an operating income of Rs. 24.56 crore and profit before tax of Rs. 0.83 crore during first nine months of FY16.

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<sup>1</sup> 100 lakhs = 1 Cr = 10 million

<sup>2</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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