

Darshita Exim Private Limited

Instrument	Amount Rated	Rating Action
	In Rs. Crore	May 2016
Non fund based facilities	60.0	[ICRA]A3 reaffirmed
Unallocated	10.0	[ICRA]A3 reaffirmed
Total	70.0	

ICRA has reaffirmed the rating assigned to Rs. 70.0 crore (including unallocated) bank facilities of Darshita Exim Private Limited (DEPL) at [ICRA]A3 (pronounced ICRA A three).

The rating reaffirmation takes comfort from healthy revenue growth in the last three years supported by the increase in scale of operations. The rating also draws comfort from the company's low exposure to commodity price risk since the purchase transactions are generally backed by orders from customers. These apart, the rating continues to favourably factor in the promoter profile who have strong financial flexibility and have been supporting the operations of DEPL through timely fund infusion.

The rating however continues to be constrained by the moderate financial profile characterized by modest profitability and debt protection metrics (PBT/OI of 1.20% and OPBDITA/Interest of 1.30x for FY2016). The rating is also constrained by exposure to high customer concentration risk; top two customers accounted for 80% of the total revenue in FY2015. Further the rating is also constrained by the high counterparty risk given that most of DEPL's trade receivables are not backed by LCs however the risk is mitigated to a certain extent as the receivables are backed by insurance from Export Credit Guarantee Corporation (ECGC). The rating also takes into account DEPL's exposure to foreign exchange fluctuation risk which in the absence of any hedging mechanism which can adversely impact the net profitability of the company.

Going forward, the company's ability to profitably ramp-up its scale of operations resulting in improvement in its debt coverage indicators, diversify the customer base and timely collection of receivables will be the key rating sensitive factors.

Company Profile

Darshita Exim Private Limited (DEPL) was incorporated in 2007 with an object of entering into international commodity trading involving commodities such as machinery spares and other commodities manufactured out of steel. The company is predominantly into high sea sales and is engaged in trading activity with parties in Hong Kong and UAE. Currently the company is involved in trading of mosaic tiles, polished tiles, tin scrap, steam coal, etc.

Recent Results

As per provisional statements for FY2016, DEPL reported an operating income of Rs. 255.96 crore and profit before tax of Rs. 3.07 crore. In FY2015, DEPL reported operating income of Rs 243.73 crore and profit after tax of Rs 2.93 crore.

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