

Gimpex Private Limited

Instruments	Amounts (Rs.crore ¹)	Rating Action
Fund based facilities	255.00	Downgraded to [ICRA]BB+ (Stable) from [ICRA]BBB- (Stable)
Non-fund based facilities	190.00	
Long term (sub-limit) facilities	(140.75) (Revised from 93.50)	

ICRA has downgraded the long-term rating outstanding on the Rs.255.00 crore fund based facilities, the Rs.190.00 crore non-fund based facilities and the Rs.140.75 crore long term sub-limit facilities (revised from 93.50) of Gimpex Private Limited ("Gimpex" / "the Company")² to [ICRA]BB+ (pronounced ICRA double B plus) from [ICRA]BBB- (pronounced ICRA triple B minus). The outlook on the long-term rating is Stable.

The rating revision reflects the continuing pressure on the coverage metrics of Gimpex despite its moderate gearing level, and weak cash flows of the company in FY2016 owing to an increase in its working capital intensity of business. Revenues from coal and barite trading contributed around 80% to the company's total revenues in FY2016, leading to product concentration risks. ICRA notes that coal import volumes in India have registered a degrowth in FY2016 and the first few months of the current year, while the outlook on global barite demand is likely to be impacted in the near term by the slowdown in oil & gas exploration activities. Nonetheless, ICRA takes comfort from the experience of the company in dealing with diverse commodities, and its demonstrated ability to quickly ramp up scale of operations in new commodities. The rating also considers the vulnerability of the company's accruals to volatilities in commodity prices. Gimpex has extended corporate guarantee to its group entity, Alliance Granimarmo Private Limited (AGPL), which may require funding support from Gimpex, given the weak financial health of AGPL.

Company Profile

Incorporated in 1974, Gimpex trades in barite, coal, bauxite, iron ore, mill scale, limestone, agri-produces among others. During FY2016, the company began trading in bauxite, limestone and cotton yarn. Gimpex has a barite-grinding unit in Andhra Pradesh with an installed capacity of 0.09 million tons per annum. It exports and also sells in the domestic market, with exports contributing to 66% of its revenues during FY2015. Gimpex has a wholly-owned subsidiary, SPG Mining PTE Limited, Singapore, which also trades in minerals. In April-2015, it became a private company and subsequently the name was changed from Gimpex Limited to Gimpex Private Limited.

Recent results (Provisional)

During FY2016, Gimpex reported a profit after tax of Rs.15.6 crore on an operating income of Rs.961.4 crore against a profit after tax of Rs.13.8 crore on an operating income of Rs.822.8 crore during FY2015.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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