

Shah Laxmi Narayan Satish Chandra Exim Private Limited

Instrument	Amount	Rating Action
Fund Based Limits – Overdraft/ Cash Credit	Rs.3.50 crore	[ICRA]B+; re-affirmed
Non- Fund Based Limits – Letter of Credit	Rs.6.45 crore	[ICRA]B+/ [ICRA]A4; re-affirmed

ICRA has re-affirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus) assigned to the Rs.3.50 crore¹ fund-based facilities of Shah Laxmi Narayan Satish Chandra Exim Private Limited (SLN or 'the company')². ICRA has also re-affirmed the long-term rating of [ICRA]B+ and short-term rating of [ICRA]A4 (pronounced ICRA A four) assigned to the Rs.6.45 crore non-fund based facilities of the company.

The re-affirmation of ratings continue to factor SLN's modest scale of operations and weak financial profile, characterised by thin profitability, leveraged capital structure and low debt coverage indicators. ICRA notes the limited value-added nature of the company's operations, which coupled with the highly competitive and fragmented industry structure, exerts pressure on its profitability margins. SLN's profitability remains susceptible to any adverse fluctuations in the prices of key products traded—viz. polymers, which being crude oil derivatives, remain volatile. Furthermore, with over 90% of the traded goods being imported, SLN's margins remain vulnerable to any adverse fluctuations in foreign exchange rates.

The ratings, however, continue to favourably factor in the past experience of the promoters in the trading of various products and SLN's diversified customer base. The ratings also consider the favourable demand outlook for all types of polymers in India, backed by growth in end-user industries such as automobiles and FMCG.

ICRA expects SLN's revenues to increase by 5% in FY2017 over that of FY2016. The firm's capital structure, albeit leveraged, is expected to improve in FY2017 as supported by the increase in the net-worth base, following an increase in retained profits. The company's ability to scale up its operations, while improving its profitability and effectively managing its working capital requirements, will be positive rating factors.

Company profile

Shah Laxmi Narayan Satish Chandra Exim Private Limited (SLN / the company) was incorporated in June 2013 and commenced operations in January 2014. The company was formed as a part of Shah Laxmi Group's efforts to corporatise its business operations. Accordingly, the group s gradually shifted all its business operations to SLN from Shah Laxminarayan Satishchandra (a proprietorship firm) which was set up in 1963 by the Late. Mr. Laxmi Narayan at Jodhpur, Rajasthan. Over the years, the group has been trading in various mercantile products. Currently, the business is handled by Mr. Satish Chandra (son of Mr. Laxmi Narayan) and his sons, Mr. Hemant and Mr. Sharad. The company's registered office is at Jodhpur, with a branch office in Mumbai.

Recent Results

SLN has reported a net profit after tax and depreciation of Rs. 0.03 crore on an operating income of Rs. 28.43 crore for the year-ending March 31, 2016.

December 2016

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's Website, www.icra.in, or any of the ICRA Rating Publications.



For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Mr. Suprio Banerjee (Tel. No. +91 22 61143443)
parul.goyal@icraindia.com

Ms. Roshni Suvarna (Tel. No. +91 22 67816124)
roshni.suvarna@icraindia.com

Ms. Rupa Pandey (Tel. No. +91 22 67816165)
rupa.pandey@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500