

K. Rasiklal Exim Private Limited

Instrument	Amount	Rating Action
Long Term Fund Based – Cash Credit	Rs. 3.00 crore*	[ICRA]BB+(Stable) assigned
Short Term Fund Based – UBD under L/C	Rs. 2.00 crore*	[ICRA]A4+ assigned
Short Term Non Fund Based – Imp L/C (DA/ DP)	Rs. 18.00 crore	[ICRA]A4+ assigned
Short Term Non Fund Based – Letter of Comfort	Rs. 5.00 crore*	[ICRA]A4+ assigned

*sub-limits within LC

ICRA has assigned a long term rating of [ICRA]BB+ (pronounced as ICRA double B plus) to the Rs. 3 crore¹ fund based sub-limit of K. Rasiklal Exim Private limited (KREPL or the company²). The outlook assigned on the long term rating is stable. ICRA has also assigned a short term rating of [ICRA]A4+ (pronounced ICRA A four plus) to the Rs. 18 crore bank facilities of KREPL.

The assigned ratings factor in the long standing experience of K. Rasiklal Exim Private Limited's (KREPL) management in the chemical trading industry; the company's low revenue concentration risk on account of its diversified product portfolio and customer base.

The ratings, however, are constrained by KREPL's low profitability owing to the trading nature of operations. This aside, the competitive and fragmented industry with low entry barriers exerts pressure on the margins of the company. As the sourcing of chemicals is done majorly from overseas suppliers, the margins of the company are also susceptible to currency fluctuation risk. The ratings are also constrained by the high reliance of the company on LC backed creditors for funding its working capital requirements resulting in TOL/TNW of 1.97 times as on March 31, 2016

ICRA expects KREPL's revenues to improve by over 15% in FY2017 as compared to the previous year. However, KREPL's operating profits would remain vulnerable to adverse movements in prices of chemicals and foreign currency.

About the Company

Established as a proprietorship firm in 1996 and later converted into a private limited company in 2000, K. Rasiklal Exim Private Limited (KREPL) is engaged in the trading of pharmaceutical intermediates, dye intermediates, textile auxiliaries, paint and coating chemicals and agro chemicals, amongst others. The chemicals imported by KREPL find wide applications in diverse industries such as pharmaceuticals, dyes and dyestuffs, agrochemicals, paints and resins and synthetic resins, with pharmaceuticals being the major revenue contributor for the company accounting for ~40% of the total revenues. KREPL has its corporate office located at Ghatkopar, Mumbai. The company also has two leased warehousing facilities at Purna, Bhiwandi.

Recent Results

KREPL recorded a net profit of Rs. 0.89 crore on an operating income of Rs. 64.75 crore for the year ending March 31, 2016 (as per the provisional figures disclosed by the management).

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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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