

Press Release

EXIM CORPORATION (EC)

06 March, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 12.00 Cr.
Short Term Rating	SMERA A4+

** Refer Annexure for details*

Rating Rationale

SMERA has assigned short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 12.00 crore bank facilities of EXIM CORPORATION (EC).

The Mumbai-based Exim Corporation (EC) is a proprietorship concern established in 1991 by Mr. Amit Tibrewala. EC is engaged in the export and trading of chemical products mainly used in pharmaceutical and chemical industries. The firm majorly exports to USA and European countries.

Key rating drivers

Strengths

Established track record of operations and experienced management

The Proprietor, Mr. Amit Tibrewala has experience of over two decades in the chemical industry. He is well supported by his father Mr. Shyamsunder Tibrewala who also possesses experience in the business of over three decades. EC is backed by an experienced management that has developed healthy relations with clients.

Healthy revenue growth

The revenues improved to Rs.20.58 crore in FY2017 from Rs.11.99 crore in FY2016. Further, during April 2017 to December 2017, the firm registered revenue of Rs. 36.71 crore.

Weaknesses

Average financial risk profile marked by low net worth

EC has average financial risk profile marked by low tangible net worth of Rs. 1.10 crore as on 31 March, 2017 as against Rs. 0.92 crore as on 31 March, 2016. The gearing stood high at 3.26 times as on 31 March, 2017 as against 3.45 times as on 31 March, 2016. The debt of Rs. 3.59 crore mainly consists of working capital of Rs. 3.27 crore and unsecured loans of Rs. 0.32 crore as on 31 March 2017. The Interest Coverage Ratio (ICR) stood at 5.53 times for FY2017 as against 3.46 times in FY2016. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 6.01 times as on 31 March, 2017 as against 5.11 times as on 31 March, 2016. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.52 times as on 31 March, 2017 as against 0.30

times as on 31 March, 2016. Going forward, SMERA expects the firm to maintain its financial risk in the absence of major debt funded capex plans.

Working capital intensive operations

EC's operations are working capital intensive marked by high Gross Current Asset (GCA) of 122 days in FY2017 compared to 146 days in FY2016. The GCA days are mainly dominated by high debtor days of 101 days in FY2017 compared to 87 days in FY2016. The average working capital utilisation for the past six months stood at ~80 percent. SMERA believes that efficient working capital management will be crucial to the firm in order to maintain a stable credit profile.

Competitive and fragmented industry

EC operates in a highly competitive and fragmented industry characterised by a large number of organised and unorganised players affecting margins.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of EC to arrive at the rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	20.58	11.99	9.73
EBITDA	Rs. Cr.	2.27	1.36	1.18
PAT	Rs. Cr.	1.71	0.83	0.65
EBITDA Margin	(%)	11.05	11.34	12.15
PAT Margin	(%)	8.33	6.96	6.63
ROCE	(%)	48.36	29.55	49.38
Total Debt/Tangible Net Worth	Times	3.26	3.45	4.43
PBDIT/Interest	Times	5.53	3.46	2.99
Total Debt/PBDIT	Times	1.58	2.33	2.91
Gross Current Assets (Days)	Days	122	146	135

Status of non-cooperation with previous CRA (if applicable):

None

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading entities-<https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
PC/PCFC*	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4+
Standby Line of Credit (PC/PCFC)	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4+

*Includes sublimit of Letter of Credit (LC) to the extent of Rs. 4.00 crore, Cash Credit (CC) to the extent of Rs. 2.00 crore

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ABOUT SMERA

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