

Trish Impex Private Limited:Upgraded

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	2.00	SMERA BB/Stable (Upgraded from SMERA BB-/Stable)
Import Letter of Credit	7.00	SMERA A4+ (Reaffirmed)

SMERA has upgraded the long term rating on the Rs.2.00 crore fund based facility of Trish Impex Private Limited (TIPL) to '**SMERA BB (read as SMERA double B)**' from 'SMERA BB- (read as SMERA double B minus) and reaffirmed the short-term rating on the Rs.7.00 crore facility to '**SMERA A4+ (read as SMERA A four plus)**'. The outlook is '**Stable**'.

To arrive at the rating, SMERA has consolidated the business and financial risk profiles of RKL, Brahma Industries Private Limited (BIPL) and Trish Impex Private Limited (TIPL) together referred to as the 'RajKripal Group'. The consolidation is in the view of the common ownership and operational linkages within the group.

The upgrade takes into account the improved financial risk profile of the group marked by moderate operating income, net income and improvement in coverage indicators as per provisional financials of FY2015-16. The ratings also draw support from the group's established operations and experienced management. However, the ratings are constrained by the intensely competitive segment of the timber industry and working capital intensive operations.

Update

The group has reported profit after tax (PAT) of Rs.1.88 crore on operating income of Rs.179.20 crore in FY2015-16 (Provisional) as compared to PAT of Rs.0.41 crore on operating income of Rs.149.82 crore a year earlier. The operating income increased by 19.61 per cent while PAT rose by 360.84 crore in FY2015-16 (Provisional) as against the previous year. The interest coverage ratio stood at 2.42 percent in FY2015-16 (Provisional) as compared to 1.36 per cent a year earlier. The DSCR was at 2.00 per cent in FY2015-16 (Provisional) as compared to 1.30 per cent in FY2014-15. The gearing registered improvement to 0.23 times in FY2015-16 (Provisional) as compared to 0.31 times in FY2014-15. The net worth of the group improved to Rs.70.74 crore in FY2015-16 (Provisional) as against Rs.59.90 crore in the previous year.

However, the profit margins remain susceptible to volatility in the prices of timber. Also, the group is exposed to unfavourable changes in government regulations. The group operates in the competitive segment of the timber industry.

Outlook- Stable

SMERA believes that the group will maintain a stable outlook over the medium term and continue to benefit from its experienced management and moderate financial risk profile. The outlook may be revised to 'Positive' in case the group registers the envisaged operating income and profitability margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration of the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability margins
- Management of working capital cycle

Criteria applied to arrive at the ratings:

- Trading Entities
- Consolidation

About the Group

The Raj Kripal Group is engaged in the trading of timber wood, teak wood and cashew. The group comprises three entities namely Rajkripal Lumbers Limited (RKL), Brahma Industries Private Limited (BIPL) and Trish Impex Private Limited (TIPL) managed by Mr. Sunil Garg and family.

About the Company

TIPL, incorporated in 2013, is a Delhi-based company promoted by Mr. Sunil Garg. The company trades in teak wood imported from Africa and South America. The processing facility is located at Gandhidham, Gujarat.

Rating History

Date of Issuance	Facilities	Amount (Rs. crore)	Rating	Rating Outlook
			Long Term	
31 Dec, 2015	Cash Credit	2.00	SMERA BB- (Assigned)	Stable
	Letter of Credit	7.00	SMERA A4+ (Assigned)	-

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ABOUT SMERA

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