



SMERA RATINGS LIMITED

Rajkripal Exim Private Limited (REPL)

*Rating
Rationale*

February 22, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.00	SMERA BB-/Stable (Assigned)
Fund based (Proposed)	1.00	SMERA BB-/Stable (Assigned)
Letter of Credit	25.00	SMERA A4+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.5.00 crore long-term (fund based) facility and short term rating of **SMERA A4+ (read as SMERA A four plus)** to the Rs.25.00 crore non-fund based facility of Rajkripal Exim Private Limited (REPL). The outlook is '**Stable**'. The ratings are supported by the extensive experience of the promoters in the timber industry. The ratings also draw support from the stable demand for teak wood in the domestic market and moderate financial risk profile of the company. However, the ratings are constrained by the fragmented and competitive nature of the timber industry and vulnerability of the company's profitability to forex fluctuations.

Outlook: Stable

SMERA believes REPL will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers higher-than-expected growth in revenues and net cash accruals. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Scaling up of operations
- Improvement in the financial risk profile

About the Company

REPL, incorporated in 2004, is a Delhi-based company promoted by Mr. Sanjay Garg. The company is engaged in the trading of teak wood and manufacture of plywood at Hapur- Uttar Pradesh.

The company reported profit after tax (PAT) of Rs.0.23 crore on operating income of Rs.63.07crore in FY2014-15 (refers to financial year, April 01 to March 31), as compared with PAT of Rs.0.21 crore on operating income of Rs.55.43 crore in the previous year. The net worth of the company stands at Rs.3.75 crore as on March 31, 2015 as compared with Rs.3.54 crore a year earlier.

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