

Press Release

RPV Exports Private Limited (REPL)

05 February, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 7.00 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**) on the above mentioned Rs. 7.00 crore bank facilities of RPV Exports Private Limited (REPL).

RPV Exports Private Limited (REPL) was established in 2012 by Mr. Rama Shankar Choubey and his wife, Mrs. Sunita Choubey. The company, a one star export house, is engaged in the manufacturing of ready-made garments for children and exports the same to Saudi Arab and UAE. Mr. Choubey has been in the business since 1994. Also, a new company, RPV Apparels Private Limited has been established to cater to the domestic market.

List of key rating drivers and their detailed description

Strengths

Experienced management

Mr. Rama Shankar Choubey has extensive experience of 23 years in garment manufacturing and export and has built long term relations with customers.

Weaknesses

Weak financial risk profile

The financial risk profile is moderate marked by tangible net worth of Rs. 8.13 crore as on 31 March, 2017 compared to Rs.7.21 crore as on 31 March, 2016. The adjusted gearing stood at 0.36 times as on 31 March, 2017 as against 0.53 times as on 31 March, 2016. The Interest Coverage Ratio stood at 4.39 times and Debt Service Coverage Ratio (DSCR) at 2.06 times as on 31 March, 2017. The Total Outside Liabilities/Total Net worth stood at 1.23 times as on 31 March, 2017 as against 1.65 times as on 31 March, 2016.

Competitive and fragmented industry

REPL faces stiff competition from several small, medium and big players in the garment manufacturing and export business.

Customer concentration risk

REPL faces customer concentration risk as approx 90 percent of revenue is generated from five

customers located in Saudi Arab and UAE.

Analytical approach:

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

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	19.18	27.25	21.58
EBITDA	Rs. Cr.	1.43	1.72	1.09
PAT	Rs. Cr.	0.69	0.82	0.46
EBITDA Margin	(%)	7.48	6.29	5.06
PAT Margin	(%)	3.61	3.00	2.15
ROCE	(%)	13.79	16.04	19.99
Total Debt/Tangible Net Worth	Times	0.36	0.53	0.84
PBDIT/Interest	Times	4.39	3.63	2.93
Total Debt/PBDIT	Times	2.06	2.35	2.43
Gross Current Assets (Days)	Days	67	78	146

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

None

Any other information:

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Manufacturing Entities- <https://www.smerra.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

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

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

None

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
Packing credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4
Bill Discounting	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA A4
Proposed facility	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4

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