

Rating Rationale

Brickwork Ratings revises ratings for the long term bank loan facilities and reaffirms the short term bank loan facilities aggregating INR. 18.50 Crores of Rex Global Limited

Brickwork Ratings has revised the long term rating and reaffirms the short term following ratings¹ for the Bank Loan facilities availed by Rex Global Ltd. ('RGL' or the 'Company'):-

Facilities	Previous Rated (In Crs)	Sanctioned Limits (In Crs)	Current Rated Amount (IN Crs)	Tenure	Proposed Rating	Previous Rating
Fund Based				Long Term	BWR BB- (Pronounced As BWR Double B Minus) Outlook: Stable Downgraded	BWR BB (Pronounced As BWR DOUBLE BB) Outlook: Stable
CC	4.75	4.00	4.00			
Stand By Limit	1.00	1.00	1.00			
EPC/PCFC	5.00	5.00	5.00	Short Term	BWR A4(Pronounced As BWR A Four) Reaffirmation	BWR A4(Pronounced As BWR Single A Four)
PSFC/EBUC/ FBP(Non LC)	8.00	8.00	8.00			
Non Fund Based						
Forward Contract Risk Factor	-	0.50	0.50			
Total Limits	18.75	18.50	18.50			
Total Amount to be Rated			18.50	INR. Eighteen Crores and Fifty Lakhs Only		

Note: 1 Please refer to BWR website: www.brickworkratings.com for definition of the rating assigned.

Ratings Downgraded/Reaffirmed

Rationale/Description of Key Rating Drivers

BWR has essentially relied upon the audited financial statements for upto FY16, projections for FY17 and FY18, publicly available information and information/clarifications provided by the management.

The rating has, inter alia, factored in the promoters' extensive experience in trading business, and consistent growth in revenue. However, the rating is constrained by low profit margins, weak debt protection metrics and high leverage ratio. Going forward the ability of the company to realize the long outstanding receivables would be the key rating sensitivity.



Rating Outlook: Stable

BWR believes the **Rex Global Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About The Company

Rex Global Limited(RGL) was set up in 1990 as a partnership firm named Rex Exports by Mr. Dinesh Dandona and his brother, Mr. Bhupesh Dandona in Ludhiana. RGL was reconstituted as a private limited company in 2000 and was later reconstituted as a closely held public limited company in 2008. The Company is engaged in the trading and exports of bicycle spare parts and textile products. Majority of its exports are to West African and Central African countries such as Mali, Burkina Faso, Ivory Coast, Zambia, Congo, Niger, Togo, etc.

Apart from RGL, the company also have a group concern in the name of Rex Sewing Machine Company Pvt Ltd(RSMCPL) having same promoters with two manufacturing units situated in Ludhiana.

Financial Performance:

The company reported Total operating Income of Rs. 135.28 Crores in FY16, as against Rs. 125.08 Crores in FY 15 with a net profit of Rs. 0.48 Cr in FY16, as against net profit of Rs. 0.69Cr in FY 15.

Rating History for the last three years (including withdrawn/suspended ratings)

Facility	Rating Assigned (2017)			Rating History		
	Tenor	Amount (Rs. Crs)	Rating	2016	2015	2014
CC	Long Term	4.00	BWR BB- (Pronounced as BWR Double BB-) Outlook: Stable Downgraded	BWR BB (Pronounced as BWR Double B) Outlook: Stable	-	-
Stand By Limit		1.00				
EPC/PCFC	Short Term	5.00	BWR A4 (Pronounced as BWR Single A Four) Reaffirmation	BWR A4 (Pronounced as BWR Single A Four)	-	-
PSFC/EBUC/ FBP(Non LC)		8.00				
Forward Contract Risk Factor		0.50				



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
RK Sharma General Manager - Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA& the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹ 19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.