

Press Release

Sartaj International

October 08, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 15.00 Cr.
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed short term rating of '**ACUITE A4** (read as ACUITE A four) to the Rs. 15.00 crore bank facilities of Sartaj International (SI). The outlook is '**Stable**'.

SI, established in 1990, is a Gurgaon-based proprietorship firm promoted by Mr. Jasjit Singh Chhabra. The firm is engaged in the manufacturing and export of readymade garments at Gurgaon with an installed capacity of ~9 lakh pieces per annum. SI procures raw material from Delhi and Ludhiana and exports to Dubai, U.S.A, Europe and South America amongst others.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of SI to arrive at the rating.

Key Rating Drivers

Strengths

- **Long track record of operations**

The group is led by Mr. Jasjit Singh Chhabra and Mrs. Jyoti Singh Chhabra who possess experience of almost three decades in the textile industry. Since its inception, the group has been catering to reputed customers such as The Inditex Group, Custo Barcelona, Desigual and Calvin Klein among others.

Weaknesses

- **Moderate financial risk profile**

SI has moderate financial risk profile as marked by net worth of Rs.4.38 crore in FY2018 (Provisional) as compared to Rs.4.63 crore in FY2017. The entire outstanding debt as on year ending FY2018 (Provisional) of Rs.14.83 crore is short term. Gearing remains significant at 3.38 times in FY2018 (Provisional) as compared to 3.23 times in the previous year. Total outstanding Liability to Total Net Worth (TOL/TNW) stood at 6.67 times in FY18 (Provisional) as compared to 5.31 times in FY17.

- **Moderate working capital cycle**

Working capital cycle remains intensive as marked by Gross Current Asset (GCA) days of 226 in FY18 (Provisional) as compared to 253 in the previous year. The significant GCA days is because of increased debtor days from 153 in FY17 to 175 in FY18 (Provisional). Current ratio of the firm is 1.06 times in FY18 (Provisional) as compared to 1.08 in FY17.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	48.28	36.71	35.57
EBITDA	Rs. Cr.	1.74	1.61	1.43
PAT	Rs. Cr.	0.51	0.41	0.37
EBITDA Margin	(%)	3.60	4.39	4.02

PAT Margin	(%)	1.05	1.13	1.04
ROCE	(%)	8.94	8.80	17.10
Total Debt/Tangible Net Worth	Times	3.38	3.23	1.82
PBDIT/Interest	Times	1.47	1.41	1.43
Total Debt/PBDIT	Times	8.23	8.90	7.09
Gross Current Assets (Day s)	Day s	226	253	311

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
31-Jul-2017	Packing Credit	Short Term	3.50	ACUITE A4 (Assigned)
	Post Shipment Credit	Short Term	11.50	ACUITE A4 (Assigned)
20-Jun-2016	Packing Credit	Short Term	2.50	ACUITE A4 (Suspended)
	Post Shipment Credit	Short Term	7.50	ACUITE A4 (Suspended)
27-May-2015	Packing Credit	Short Term	2.50	ACUITE A4 (Assigned)
	Post Shipment Credit	Short Term	7.50	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A4 (Reaffirmed)
Post Shipment Credit	Not Applicable	Not Applicable	Not Applicable	11.50	ACUITE A4 (Reaffirmed)

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About Acuité Ratings & Research:

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