

## Press Release

### Calcutta Overseas (CO)

June 25, 2019

### Rating Reaffirmed



<b>Total Bank Facilities Rated*</b>	Rs. 29.60 Crore
<b>Long Term Rating</b>	ACUITE A4+ (Reaffirmed)

\* Refer Annexure for details

### Rating Rationale

Acuite has reaffirmed short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs. 29.60 crore bank facilities of Calcutta Overseas (CO). The outlook is '**Stable**'.

The Kolkata-based Calcutta Overseas was established in 1998 as a proprietorship concern by Mr. Swapan Kumar Saha. The firm is engaged in the export of raw cotton and cotton yarn mainly to Bangladesh.

### Analytical Approach

Acuite has considered the standalone business and financial risk profile of CO to arrive at the rating.

### Key Rating Drivers:

#### Strengths

#### Experienced management and long track record of operations

The firm was established in 1998 by their proprietor, Mr. Swapan Kumar Saha who has long experience of more than 20 years in textile industry. This experience has helped to establish comfortable relationships with their key suppliers and customers.

#### Efficient working capital management

The company's working capital is well managed as reflected in gross current assets (GCA) of 23 days in FY2019 (Prov.), as compared to 59 days in FY2018. The inventory day stands comfortable at 13 in FY2019 (Prov.) as compared to 25 days in FY2018. Debtor also stands comfortable at 4 in FY2019 (Prov.) as compared to 26 days in previous year.

#### Weaknesses

#### Average financial risk profile

The financial risk profile of the company is marked by low net worth, moderate gearing and moderate debt protection metrics. The net worth of the company stood low at Rs.4.08 crore in FY2019 (Prov.) as increased from Rs.3.62 crore in FY2018, mainly on account of retention of current year profit. The gearing of the company stood moderate at 1.48 times in FY2019 (Prov.) as compared to 2.09 times in FY2018. The total debt of Rs.5.40 crore consists of short term debt from bank of Rs.3.74 crore and unsecured loan from promoters of Rs.1.66 crore as on 31st March 2019 (Prov.). The interest coverage ratio (ICR) of the company stood moderate at 1.45 times in FY2019 (Prov.) as compared to 1.33 times in FY2018. The debt service coverage ratio (DSCR) of the company stood comfortable at 1.45 times in FY2019 (Prov.) as compared to 1.33 times in FY2018. The net cash accruals against the total debt (NCA/TD) stand low at 0.14 times in FY2019 (Prov.) as compared to 0.04 times in FY2018.

### Geographically concentrated business

The company is primarily into export of raw cotton and cotton yarn and the export is entirely into Bangladesh thus exposing the company to significant geographic concentration. Of the total sales in FY'19 (Prov.), around 80% was exported to Bangladesh and the balance was traded in the local market. Any changes in policies by Bangladesh would significantly impact the business of the company.

### Liquidity Position

The company has moderate liquidity marked by moderate net cash accruals. The company has generated cash accruals of Rs. 0.78 crore in FY2019 (Prov.) as compared to Rs 0.69 crore in FY2018. The moderate liquidity of the firm is also marked by 40-50 per cent utilization of working capital limit. The efficient working capital is also marked by gross current asset (GCA) days of 23 in FY 2019 (Prov.).

### About the Rated Entity - Key Financials

	Unit	FY19 (Prov.)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	150.17	123.81	129.86
EBITDA	Rs. Cr.	2.22	2.59	2.25
PAT	Rs. Cr.	0.77	0.69	0.79
EBITDA Margin	(%)	1.48	2.09	1.73
PAT Margin	(%)	0.51	0.55	0.61
ROCE	(%)	17.20	17.52	48.06
Total Debt/Tangible Net Worth	Times	1.32	4.39	2.53
PBDIT/Interest	Times	1.45	1.33	1.37
Total Debt/PBDIT	Times	2.16	5.70	2.98
Gross Current Assets (Days)	Days	23	59	29

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.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
09 <sup>th</sup> Apr 2018	FDBP	Short Term	23.00	ACUITE A4+ (Reaffirmed)
	Packing Credit	Short Term	6.60	ACUITE A4+ (Reaffirmed)
27 <sup>th</sup> Dec 2017	FDBP	Short Term	18.00	ACUITE A4+ (Reaffirmed)
	Packing Credit	Short Term	5.00	ACUITE A4+ (Reaffirmed)

31 <sup>st</sup> Aug 2017	FDBP	Short Term	18.00	ACUITE A4+ (Indicative)
	Packing Credit	Short Term	5.00	ACUITE A4+ (Indicative)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Ratings/Outlook
FDBP	Not Applicable	Not Applicable	Not Applicable	23.00	ACUITE A4+ (Reaffirmed)
Packing Credit	Not Applicable	Not Applicable	Not Applicable	6.60	ACUITE A4+ (Reaffirmed)

**Contacts:**

Analytical	Rating Desk
Pooja Ghosh Head- Corporate and Infrastructure Sector Tel: 033-66201203 <a href="mailto:pooja.ghosh@acuite.in">pooja.ghosh@acuite.in</a>  Abhishek Dey Rating Analyst Tel: 033-66201208 <a href="mailto:abhishek.dey@acuiteratings.in">abhishek.dey@acuiteratings.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

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