



## Press Release

### Platinum Grains Private Limited

October 16, 2018

### Rating Downgraded

<b>Total Bank Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Long Term Rating</b>	ACUITE A4 (Downgraded from ACUITE A4+)

\* Refer Annexure for details

### Rating Rationale

Acuite has downgraded the short term rating to '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs. 10.00 crore bank facilities of PLATINUM GRAINS PRIVATE LIMITED (PGPL).

Incorporated in 2008, PGPL is a Haryana-based company promoted by Ms. Harnita Alhuwalia, Mr. Victor Alhuwalia and Ms. Davinder Kaur Sehgal. The company is engaged in trading and exports of basmati and non-basmati rice to Middle-East and Africa.

The rating revision is in view of deterioration in its operating and business risk profile on account of continues decline in revenue coupled with elevation in debt protection metrics.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of PGPL to arrive at this rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

PGPL was incorporated in 2008 and has its presence in rice industry for a decade. Ms. Harnita Alhuwalia possesses vast experience of 28 years in rice industry.

Acuite believes that the company will benefit from its experienced management which helps the company maintain long standing relations with its customers and suppliers.

#### Weaknesses

- **Declining revenue with fluctuating profitability margins**

PGPL has declining trend in revenue marked by operating income of Rs.11.64 crore in FY2018 (Provisional) as against Rs.29.51 crore in FY2017 and Rs.43.59 crore in FY2016. The company has booked revenue of Rs.10.00 crore for April to August, 2018. Further, the company's operating margins have shown a fluctuating trend of 11.54 percent in FY2018 (Provisional) as against 2.25 percent in FY2017 and 5.29 percent in FY2016. The company reported Profit after Tax (PAT) margin of 1.98 percent in FY2018 (Provisional) against 0.65 percent in FY2017 and 2.70 percent in FY2016.

Acuite believes that the company's ability to register growth in revenue while maintaining adequate profitability will be key sensitivity factor.

#### • Average financial risk profile

The financial risk profile is average marked by tangible net worth of Rs.5.84 crore as on 31 March, 2018 (Provisional) as against Rs.5.62 crore in the previous year. The gearing stood at 0.16 times as on 31 March, 2018 (Provisional) as against 1.44 times in the previous year. The total debt of Rs. 0.91 crore solely consist of working capital borrowings for FY2018 (Provisional). Interest Coverage Ratio (ICR) stood at 1.59 times in FY2018 (Provisional) as against 2.82 times in FY2017. The total outside liabilities to tangible net worth (TOL/TNW) stood at 0.23 times as on 31 March, 2018 (Provisional) as against 1.70 times in the previous year. The net cash accruals to total debt (NCA/TD) stood at 0.35 times in FY2018 (Provisional) compared to 0.04 times in FY2017.

Going forward, Acuite believes that the company's ability to improve its net worth along with debt protection metrics will remain key sensitivity.

#### • Average financial risk profile

PGPL generates 100 percent of its revenue through exporting to different countries such as Middle-East and Africa, thereby exposing it to foreign exchange fluctuation risk. Also, the government regulations in other countries can affect the working of the company.

However, this risk is mitigated as the company hedges 80 percent of the exports. Any adverse change in the exchange rates may impact the profitability and scale of operations of the company.

#### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	11.64	29.51	43.59
EBITDA	Rs. Cr.	1.34	0.66	2.30
PAT	Rs. Cr.	0.23	0.19	1.18
EBITDA Margin	(%)	11.54	2.25	5.29
PAT Margin	(%)	1.98	0.65	2.70
ROCE	(%)	12.55	3.85	17.91
Total Debt/Tangible Net Worth	Times	0.16	1.44	1.33
PBDIT/Interest	Times	1.59	2.82	12.04
Total Debt/PBDIT	Times	0.68	12.19	3.13
Gross Current Assets (Days)	Days	217	183	109

#### 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>
- Financial Ratios And Adjustments -<https://www.acuite.in/view-rating-criteria-20.htm>
- Trading Entities -<https://www.acuite.in/view-rating-criteria-6.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
25-Apr-2018	Export Packing Credit/Packing Credit in Foreign Currency	Short Term	5.00	ACUITE A4+ (Indicative)
	Foreign Bill Discount/Foreign Bill Purchase/Post Shipment Credit in Foreign Credit	Short Term	5.00	ACUITE A4+ (Indicative)
06-Sep-2016	Export Packing Credit/Packing Credit in Foreign Currency	Short Term	5.00	ACUITE A4+ (Assigned)
	Foreign Bill Discount/Foreign Bill Purchase/Post Shipment Credit in Foreign Credit*	Short Term	5.00	ACUITE A4+ (Assigned)

\*With a Sublimit of Rs. 0.45 crore Export Packing Credit/Packing Credit in Foreign Currency

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Export Packing Credit/Packing Credit in Foreign Currency*	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4 (Downgraded from ACUITE A4+)

\*With a sublimit of Rs. 4.00 crore Cash Credit facility and Bill discounting facility of Rs. 10.00 crore

### Contacts

Analytical	Rating Desk
Aditya Gupta Head-Corporate and Infrastructure Sector Ratings Tel:022-67141111 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>  Grishma Muni Analyst - Rating Operations Tel: 022-49294075 <a href="mailto:grishma.muni@acuiterratings.in">grishma.muni@acuiterratings.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research:

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