

Press Release

Aditya Translink Private Limited (ATPL)

25 April, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs.29.00 Crore
Long Term Rating	SMERA BBB-/Outlook: Stable
Short Term Rating	SMERA A3

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long term rating at '**SMERA BBB-**' (read as **SMERA triple B minus**) and short term rating at '**SMERA A3**' (read as **SMERA A three**) on the Rs.29.00 crore bank facilities of Aditya Translink Private Limited (ATPL). The outlook is '**Stable**'.

Aditya Translink Pvt.Limited (ATPL) was incorporated as a Kolkata based company in 1995. Currently, the directors are Mr. Pawan Kumar Agarwal, Mr. Sunil Chand Osatwal, and Mr. Sumant Poddar. The promoters of the company have taken control of the 100 years old jute unit – Shyamnagar Jute Mill Co. Limited. The factory is located at Bhadreswar in the district of Hooghly, West Bengal. The unit has facilities to manufacture jute fabrics, jute yarns and jute bags with an installed capacity of 52,000 MT per annum.

Key Rating Drivers

Strengths

- **Experienced management**

The current management Mr. Pawan Kumar Agarwal, Mr. Sunil Chand Osatwal, and Mr. Sumant Poddar of the company has more than two decades of experience in the jute industry.

- **Established relationship with customers and suppliers**

Out of its total sales, around 70 per cent is to Government and the balance is to private clients. It sells mainly to Government agencies such as Food Corporation of India (FCI) of various states like Bihar, Madhya Pradesh, Punjab, Chattisgarh etc. The company also exports to countries like Africa, Thailand, USA, etc and exports constitute around 10 per cent of their total revenues.

- **Strong financial risk profile**

The financial risk profile of the company is marked by its moderate networth, low gearing and healthy debt protection measures. The net worth stood at Rs 18.89 crore in FY2017, an increase from Rs.17.20 crore in FY2016 driven by accretion to reserves. The debt-equity ratio is comfortable at 0.22 times in FY2017 decrease from 1.37 times in FY2016. The interest coverage ratio stood healthy at 4.17 times and debt service coverage ratio at 1.79 times in FY2017. The NCA/TD stood comfortable at 0.59 times in FY2017.

- **Efficient working capital management**

The working capital management remained prudent marked by comfortable gross current asset (GCA) days of 85 days in FY2017 as against 152 days in FY2016. The inventory days were moderate at 47 days in FY2017 as against 84 in FY2016 while the debtor days are low at 18 days as against 37 in FY2016.

Weaknesses

- **Labour intensive nature of operations**

The labour-intensive jute industry in eastern India is also vulnerable to labour unions and strikes that affect productivity. The employee cost constitutes of a large portion apart from raw material cost and it has been

varying between 24.33 per cent to 28.95 per cent ended as on FY17.

Analytical Approach

SMERA has considered standalone business and financial risk profile of the company to arrive at this rating.

Outlook: Stable

SMERA believes that ATPL will continue to benefit over the medium term from the strong financial risk profile and promoters long experience in the industry. The outlook may be revised to 'Positive' if the company achieves more than envisaged sales and profitability while sustaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' if the financial risk profile of the company deteriorates owing to increased working capital requirements..

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	259.36	218.12	190.72
EBITDA	Rs. Cr.	1.82	6.24	(4.27)
PAT	Rs. Cr.	1.15	4.37	(6.01)
EBITDA Margin	(%)	0.70	2.86	(2.24)
PAT Margin	(%)	0.44	2.00	(3.15)
ROCE	(%)	5.67	16.22	(17.06)
Total Debt/Tangible Net Worth	Times	0.22	1.37	0.86
PBDIT/Interest	Times	4.17	6.86	(3.18)
Total Debt/PBDIT	Times	1.32	3.56	-3.11
Gross Current Assets (Days)	Days	85	152	113

Any other information

SMERA is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument/ Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
19th Jan 17	Cash Credit	Long Term	8.50	SMERA BBB-/Stable (Assigned)
	Term Loan	Long Term	4.00	SMERA BBB-/Stable (Assigned)
	EBP/EBD/IBP/IBD	Short Term	2.50	SMERA A3(Assigned)
	Bank Guarantee	Short Term	6.50	SMERA A3(Assigned)
	Letter of Credit	Short Term	7.50	SMERA A3(Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	CouponRate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.50	SMERA BBB-/Stable (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.92	SMERA BBB-/Stable (Reaffirmed)
EBP/EBD/IBP/IBD	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA A3 (Reaffirmed)
Proposed	Not Applicable	Not Applicable	Not Applicable	2.08	SMERA BBB-/Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	6.50	SMERA A3 (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA A3 (Reaffirmed)

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