



**Press Release**  
**Aditya Translink Private Limited**  
**August 23, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.00	ACUITE BB   Stable   Reaffirmed   Negative to Stable	-
Bank Loan Ratings	14.00	-	ACUITE A4+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	25.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 25.00 crore bank facilities Aditya Translink Private Limited (ATPL). The outlook has been revised to '**Stable**' from '**Negative**'.

**Rationale for Rating**

The rating reaffirmation reflects the sustainable growth in the business risk profile and further improvement in financial risk profile. In FY2023, the revenue of the company was at Rs. 241.64 crore, as against Rs. 192.20 crore in FY2022. The revenues of the company for FY2024 were at Rs. 284.99 crore (Provisional). The turnover has improved due to increase in volume of sales in FY24 and FY23. The operating margin of the company has improved to 4.88 percent in FY2024 (Prov.) and 0.64 percent in FY2023 as compared to (2.85) percent in FY2022 due to improved scale of operations and overall reduction in the material costs.

Acuite also derives comfort from the financial risk profile of the company which continues to remain moderate, with improving gearing and healthy debt coverage indicators led by consistent increase in the networth, due to healthy cash accruals in FY2024 as compared to previous years. In addition, the company has an adequate liquidity profile as reflected from its increasing net cash accrual, minimum debt repayment and improving current ratio. The rating further draws comfort from the company's established track record of the operation for more than two decades. These strengths are however, partly offset by competitive nature of the industry.

## About the Company

Incorporated in 1995, Aditya Translink Private Limited (ATPL) is a Kolkata based company, engaged in manufacturing of Jute Yarn, Jute Fabrics, Jute Bags and various types of jute products as per customer order and specifications. ATPL's manufacturing unit is located in Bhadreswar, West Bengal. Currently, the company is headed Mr. Sumant Poddar and Mr. Sunil Chand Osatwal.

## Unsupported Rating

Not Applicable

## Analytical Approach

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

## **Key Rating Drivers**

### **Strengths**

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

Incorporated in 1995, the company has long operational track record of operations of more than two decades in the jute industry. The promoters Mr. Pawan Kumar Agarwal, Mr. Sunil Chand Osatwal, Mr. Sumant Poddar and Ms. Ankita Bagaria have experience of more than two decades in the business. The promoters of the company had taken control of a 100-yearold jute unit under the company 'Shyamnagar Jute Mill Co. Limited' which was owned by Mr. Thomas Duff. The long track record of operations and experience of management has helped the company develop healthy relationships with its customers and suppliers. Acuité believes that the established track record of operations and experienced management will support the company, going forward.

#### **Improvement in Revenue & Profitability**

The revenue of the company has increased to Rs. 284.99 crore in FY2024 (Prov.) and Rs. 241.64 crore in FY2023 as compared to Rs. 192.20 crore in FY2022. In FY2025, till June the company has completed a turnover of Rs. 65 crores. The improvement in the revenue is due to stabilisation in operations post unrest situation caused by factory workers in FY2022 and FY2021. The company's revenue has improved as a result of the increased volume of sales in FY2024 and FY2023 compared to FY2022. Going forward, Acuité believes that revenue of the company will improve in near to medium term.

The operating margin of the company has improved and stood at 4.88 percent in FY2024 (Prov.) and 0.64 percent in FY2023 as against (2.85) percent in FY2022. PAT margins have also improved and stood at 3.26 percent in FY2024 (Prov.) and 0.03 percent in FY2023 against (2.96) percent in FY2022. Improvement in the operating and PAT margins are majorly due to improvement in the production post unrest situation caused by the workers, so the company is now able to achieve better profitability levels. Moreover, the healthy profitability margins have led the company to generate healthy accruals of Rs. 11.14 crore in FY2024 (Prov.) compared to Rs. 1.45 crore in the previous year. Acuité believes, that the profitability margin of the company will be sustained at similar healthy levels over the medium term.

#### **Below Average Financial Risk Profile**

The company's below average financial risk profile is marked by weak networth. The networth of the company stood at Rs. (7.13) crores in FY2024 (Prov.) and Rs. (9.70) crores as compared to Rs. (3.05) crores in FY2022. The decrease was mainly due to unprovided liability of gratuity and leaves benefits. Also, the company incurred losses in FY2022 which impacted the net worth of the company, which is now improving at the back of improving cash accruals in last two years. Going forward, the financial risk profile is expected to improve further backed by gradually improving cash accruals over the medium term. The company's gearing is negative, with a Debt-to-Equity ratio of (1.91) in FY2024, and (1.25) times in FY2023 compared to (15.74) in FY2022 which is expected to improve further due to steady accretion to reserves. The coverage indicators have improved and continue to remain healthy as reflected by Interest Coverage Ratio (ICR) improved to 5.92 times in FY2024 from 1.59 times in FY2023 and the Debt Service Coverage Ratio (DSCR) at 4.77 times in FY2024 from 1.43 times in FY2023, respectively. Acuité believes that going forward the financial risk profile of the company will improve over the medium term.

#### **Improving Working Capital Operations**

The company's working capital of operations has improved marked by Gross Current Assets (GCA) of 75 days in FY2024 (Prov.) and 110 days in FY2023 as against 126 days for FY2022. The company mostly holds 1-2 months of inventory so that the company will be able to capture

most of the domestic demands. Further, the inventory levels stood at 57 days in FY2024 (Prov.) and 79 days in FY2023 as against 54 days for FY2022. However, the debtor collection period stood comfortable at 18 days in FY2024 (Prov.) and 19 days in FY2023 as against 2 days in FY2022. Major customers of the company are Government bodies. Creditor days of the company stood 42 days in FY2024 (Prov.) and 101 days in FY2023 as compared to 5 days in FY2022. Acuité believes that the company to sustain its working capital operations in the similar levels.

## **Weaknesses**

### **Seasonal nature of operations; operating volumes susceptible to the demand supply dynamics of raw jute**

MSP operations are influenced by the volatility in the raw jute prices arising from the demand supply gap and production. At times, MSP is in force throughout the season when there is a good harvest, while some seasons experience no MSP operations at all. Such variability has impacted ATPL's scale of operations in the past and is expected to be the primary factor affecting the revenues, going forward.

## **Rating Sensitivities**

- Sustainability of operating profits
- Further improvement in the capital structure
- Elongation in the working capital cycle

## **Liquidity Position Adequate**

The company has adequate liquidity profile marked by overcoming losses from FY2022, reflected by net cash accruals stood at Rs. 11.14 crore as against debt repayment obligations of just Rs. 0.37 crore. The unencumbered cash and bank balances of the company stood at Rs. 0.19 crore as on March 31, 2024. However, the current ratio stood below unity for the last two years at 0.76 times and 0.79 times for FY2024 and FY2023 respectively. Further, the fund-based limits remain utilized at about 67.67 percent over six month ended June 2024. Moreover, the company is not planning to take any additional external debts. Acuité believes that going forward the liquidity position of the company will sustain at present adequate levels.

## **Outlook: Stable**

Acuité believes that Aditya Translink Private Limited's outlook will remain 'Stable' over the medium term from its experienced management and healthy financial risk profile. The outlook may be revised to 'Positive' in case of growth in revenues and profitability while sustaining its financial risk profile. The outlook may be revised to 'Negative' in case of a steep decline in revenues and profitability or further increasing working capital intensity.

## **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	284.99	241.64
PAT	Rs. Cr.	9.28	0.07
PAT Margin	(%)	3.26	0.03
Total Debt/Tangible Net Worth	Times	(1.91)	(1.25)
PBDIT/Interest	Times	5.92	1.59

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 May 2023	Bank Guarantee (BLR)	Short Term	6.50	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	7.50	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	9.30	ACUITE BB   Negative (Downgraded from ACUITE BB+   Negative)
	Term Loan	Long Term	0.79	ACUITE BB   Negative (Downgraded from ACUITE BB+   Negative)
	Proposed Long Term Bank Facility	Long Term	0.91	ACUITE BB   Negative (Downgraded from ACUITE BB+   Negative)
14 Mar 2022	Bank Guarantee (BLR)	Short Term	6.50	ACUITE A4+ (Downgraded from ACUITE A3)
	Letter of Credit	Short Term	7.50	ACUITE A4+ (Downgraded from ACUITE A3)
	Cash Credit	Long Term	9.30	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	0.79	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	0.91	ACUITE BB+   Negative (Downgraded from ACUITE BBB-   Stable)
04 Jan 2021	Cash Credit	Long Term	8.50	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB-   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	6.50	ACUITE A3 (Reaffirmed)
	Bills Discounting	Short Term	1.50	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	7.50	ACUITE A3 (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Central Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.50	ACUITE A4+   Reaffirmed
Central Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.30	ACUITE BB   Stable   Reaffirmed   Negative to Stable
Central Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.50	ACUITE A4+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.91	ACUITE BB   Stable   Reaffirmed   Negative to Stable
Central Bank of India	Not avl. / Not appl.	Term Loan	11 Jan 2022	Not avl. / Not appl.	11 Dec 2026	Simple	0.79	ACUITE BB   Stable   Reaffirmed   Negative to Stable

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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