

## Press Release

### Vinayak Agencies

June 12, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs.6.00 Cr.
<b>Long Term Rating</b>	ACUITE BB- / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned long-term rating of **'ACUITE BB-' (read as ACUITE double B minus)** on the Rs.6.00 crore bank facilities of Vinayak Agencies (VA). The outlook is **'Stable'**.

Vinayak Agencies, a Mumbai-based partnership firm was established in 1992 by Mr. Janak Govindram Oza, Mr. Paresh Govindram Oza and Mr. Ravishankar Govindram Oza. The firm is engaged in trading of craft papers, duplex, tissues papers and FBP. Some of the major customers of the firm are Award Offset Printers and Packaging Private Limited, Crown Corrugators Private Limited, Okay Paper Product Private Limited, Sai Papers Industry to name a few. The suppliers of the firm include Emami Paper Mills Limited, N R Agarwal Industries Limited to name a few. Till December 2017, the firm has booked revenue of Rs.49.00 crore and till March 2018, the company has achieved revenue of Rs.69.04 crore.

### Key Rating Drivers

#### Strengths

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

Vinayak Agencies was established in 1992. The Partners have collective experience of more than two decades in the same line of business. Hence, established track record of operations and experienced management has helped the firm to build long standing relationships with the customers.

- **Moderate scale of operations**

The firm is having moderate scale of operations. The firm has booked revenue of Rs.48.62 crore for FY16-17 as against Rs.43.15 crore in the previous year. The firm has booked revenue of Rs.49.00 crore till December 2017. Further for FY17-18 (Provisional), the firm has achieved revenue of Rs.69.43 crore. Currently the firm is having unexecuted order book position of Rs.2.02 crore for May, 2018.

#### Weaknesses

- **Average financial risk profile**

The firm is having average financial risk profile marked by low net worth, moderate gearing and comfortable debt protection metrics. The net worth stood low at Rs.3.91 crore as on 31 March, 2018 (Provisional) as against Rs.3.59 crore in the previous year. The gearing stood at 1.58 times as on 31 March, 2018 (Provisional) as against 1.63 times in the previous year. The total debt of Rs.6.19 crore consists of unsecured loans from the promoters of Rs.1.94 crore and short term borrowings of Rs.4.25 crore. The Interest Coverage Ratio (ICR) stood at 1.65 times as on 31 March, 2018 (Provisional) as against 1.52 times in the previous year. The TOL/TNW stood at 4.17 times as on 31 March, 2018 (Provisional) as against 3.06 times in the previous year.

- **Highly fragmented and competitive nature of industry**

The firm is operating in a highly competitive paper industry which is marked by various organized and unorganized players, which further hinders the bargaining power of the firm.

### Analytical Approach

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

### Outlook: Stable

Acuite believes that VA will maintain a 'Stable' outlook in the medium term on account of its established track record and experienced management. The outlook may be revised to 'Positive' if the company registers significant growth in revenue while maintaining adequate profitability and effectively managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' if the company registers any deterioration in its liquidity and financial risk profile.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	48.62	43.15	34.08
EBITDA	Rs. Cr.	0.83	0.99	0.57
PAT	Rs. Cr.	0.34	0.52	0.29
EBITDA Margin	(%)	1.71	2.30	1.67
PAT Margin	(%)	0.70	1.19	0.85
ROCE	(%)	10.80	11.90	20.90
Total Debt/Tangible Net Worth	Times	1.63	1.56	1.70
PBDIT/Interest	Times	1.52	1.99	1.50
Total Debt/PBDIT	Times	5.83	5.27	5.98
Gross Current Assets (Days)	Days	108	102	121

### 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/criteria-trading.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)

Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB- / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE BB- / Stable

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### About Acuite Ratings & Research:

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