

## Press Release

Jagrati Trade Services Private Limited

August 23, 2018

**Rating Assigned**



<b>Total Bank Facilities Rated*</b>	Rs. 11.00 Cr.
<b>Short Term Rating</b>	ACUITE A4 (Assigned)

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned short term rating of '**ACUITE A4**' on the Rs.11.00 crore bank facilities of Jagrati Trade Services Private Limited (JTSPL). The outlook is '**Stable**'.

Jagrati Trade Services Private Limited (JTSPL), a West Bengal based company was incorporated in the year 1986 by Mr. Jagdish Sarda and Mr. Krishna Chandra Senapati. The company is mainly engaged in trading of raw jute in the state of West Bengal.

### Key Rating Drivers

#### Strengths

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

JTSPL is engaged in trading of raw jute from 1986 and accordingly has a long track record of operations pf more than three decades. Further, the promoters of the company Mr. Jagdish Sarda, is having three decades of experience in the jute industry. Hence long track record of operations and experienced management has helped the company to establish healthy relationship with the customers.

- **Moderate financial risk profile**

The company is having moderate financial risk profile marked by moderate net worth, comfortable gearing and modest debt protection measures. The net worth of the company stood at Rs.20.60 crore as on 31<sup>st</sup> March 2017 as against Rs.20.49 crore in the previous year. The gearing stood at 0.36 times as on 31<sup>st</sup> March 2017 as against 0.15 times in the previous year. The total debt of Rs.7.32 crore consists of long term of Rs.5.77 crore and short term borrowings of Rs.1.55 crore. The TOL/TNW ratio stood at 1.54 times in in FY2017 as against 1.03 times in the previous year. The interest coverage ratio (ICR) stood at 1.18 times in FY2017 as against 2.36 times in the previous year. The Debt Service Coverage Ratio (DSCR) stood at 1.25 times in FY2017 as against 1.99 times in the previous year.

#### Weaknesses

- **Low profitability margins**

The company is having low profitability margins marked by low EBIDTA margin of 2.50 percent in FY2017 as against 5.16 times in the previous year. Further, the PAT margin stood at 0.27 times in FY2017 as against 2.05 times in the previous year.

- **Working capital intensive nature of operations**

The company is having working capital intensive nature of operations marked by Gross Current Asset days (GCA) of 150 days as on 31<sup>st</sup> March, 2017 as against 139 days in the previous year. The reason for the same is due to high debtor days of 127 days in FY2017 as against 143 days in the previous year. The reason for high debtors is due to delays in receipt of payments from clients on the back of weak sentiments prevalent in the jute industry.

- **Extensive competition due to fragmented nature of business**

The company is operating in a highly fragmented jute industry dominated by numerous organized and unorganized players. Hence, limiting the bargaining power of the company which in turn impacts the profitability.

#### **Analytical Approach**

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

#### **About the Rated Entity - Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	39.81	24.69	23.11
EBITDA	Rs. Cr.	0.99	1.27	1.26
PAT	Rs. Cr.	0.11	0.51	0.65
EBITDA Margin	(%)	2.50	5.16	5.43
PAT Margin	(%)	0.27	2.05	2.83
ROCE	(%)	3.78	5.59	14.02
Total Debt/Tangible Net Worth	Times	0.36	0.15	0.15
PBDIT/Interest	Times	1.18	2.36	2.68
Total Debt/PBDIT	Times	6.68	2.31	1.75
Gross Current Assets (Days)	Days	150	139	148

#### **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/view-rating-criteria-20.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
Foreign Bill Purchase	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	9.00	ACUITE A4

## Contacts

Analytical	Rating Desk
Pooja Ghosh Head – Corporate and Infrastructure Sector Ratings Tel: 033-66201203 <a href="mailto:pooja.ghosh@acuite.in">pooja.ghosh@acuite.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Deep Majumder Analyst - Rating Operations Tel: 033-66201206 <a href="mailto:deep.majumder@acuiteratings.in">deep.majumder@acuiteratings.in</a>	

### About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*Erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.