

## 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

Acuite 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 of 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 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

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

### About Acuité Ratings & Research:

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