

Press Release

Amrit Oils and Chemicals

August 17, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE BB+ Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	25.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BB+**' (read as ACUITE double B Plus) on the Rs.25.00 Cr bank facilities of Amrit oils and Chemicals (AOC). The rating withdrawal is in accordance with Acuite's policy on withdrawal of ratings. The rating is being withdrawn on account of request received from the company and no objection certificate (NOC) received from the bankers.

About the Company

Established in the year 2010, AOC is a Ludhiana-Punjab based partnership firm. The promoters of the firm are Mr. Rajesh Gupta and Mrs. Pushpa Devi. The firm is engaged in the business of manufacturing of whitewashing soap, refining of rice bran oil and trading of mustard oil and other vegetable oils

Analytical Approach

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

Key Rating Drivers

Strengths

Established track record of operations and experienced management

AOC was established in the year 2010. The partners of the firm have been engaged in the aforementioned business line for around a decade. The extensive experience of the partners has helped in establishing healthy relationships with its customers and suppliers. The key customers of the firm include names like Advance Chemical Company, Bajrang Lal Hitesh Kumar and Zaffron Oil Mill amongst others with no major concentration in revenues. The key suppliers include names like Adani Wilmar Limited, Modulus Cosmatic, Goyal MG Gases Private Limited, etc. to name a few.

Moderate financial risk profile

AOC has Moderate financial risk profile marked by Moderate net worth and Moderate debt protection metrics. AOC net worth stood at Rs. 16.43 Cr as on 31st March 2022(Prov.) as against Rs. 19.22 as on 31st March 2021(Audited). Gearing levels (debt-to-equity) stood at

2.10 times as on March 31, 2022 as against 0.67 in FY 2021 (Audited). Debt- equity increased due to decline in capital amount and increase in debt. Further, the interest coverage ratio stood at 3.12 times for FY2022 (Prov.) as against 5.25 times in FY2021. Debt service coverage ratio moderated and stood at 2.45 times in FY2022 (Prov.) in comparison to 3.44 times in FY2021 (Audited).

Weaknesses

Competitive and fragmented industry

The firm operates in a highly competitive and fragmented industry and faces tough competition from various established players in the industry as well as several unorganized players which could have an impact on the bargaining powers with the customers and hence the margins.

Rating Sensitivities

- Significant improvement in operating performance of the firm leading to improvement in overall financial risk profile
- Any deterioration in its liquidity leading to deterioration in debt protection metrics.

Material covenants

None

Liquidity Position

Adequate

AOC has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. Firm generated cash accruals of Rs. 3.45 crore for FY2022 (Prov.) as against Rs. 0.46 crore of repayment obligations for the same period. Current Ratio stood at 1.31 times as on 31 March 2022(Prov.) as against 2.07 times in the previous year. Therefore, firm has adequate liquidity to meets its requirements.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	118.25	73.87
PAT	Rs. Cr.	1.35	0.86
PAT Margin	(%)	1.14	1.16
Total Debt/Tangible Net Worth	Times	2.10	0.67
PBDIT/Interest	Times	3.12	5.25

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>
- Entities In Manufacturing Sector - <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

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Nov 2021	Cash Credit	Long Term	10.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	5.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	4.37	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.63	ACUITE BB+ Stable (Reaffirmed)
	Secured Overdraft	Long Term	5.00	ACUITE BB+ Stable (Reaffirmed)
07 Aug 2020	Term Loan	Long Term	0.79	ACUITE BB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	1.21	ACUITE BB+ Stable (Reaffirmed)
	Secured Overdraft	Long Term	5.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	5.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BB+ Stable (Reaffirmed)
13 Apr 2020	Proposed Bank Facility	Long Term	0.44	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Secured Overdraft	Long Term	5.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	3.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	1.56	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	15.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
18 Jan 2019	Secured Overdraft	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.56	ACUITE BBB- Stable (Assigned)
	Proposed Bank Facility	Long Term	0.44	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Cash Credit	Long Term	15.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Assigned)
07 Sep 2018	Proposed Bank Facility	Long Term	1.00	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	10.00	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BB+ Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not Applicable	Overdraft	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	4.37	ACUITE BB+ Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	0.63	ACUITE BB+ Reaffirmed & Withdrawn

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About Acuité Ratings & Research

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