

Press Release

Amrit Impex Private Limited (AIPL)

19 November, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 5.00 Cr.
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 5.00 crore bank facilities of Amrit Impex Private Limited.

Amrit Impex Private Limited (AIPL) was established in the year of 1995 as a private limited company by Mr. Ajay Buchasia, Mr. Ashish Buchasia and Mr. Riddhi Buchasia. The company is engaged in manufacturing and export of jute and cotton products.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of AIPL to arrive at the rating.

Key Rating Drivers:

Strengths

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

The director of AIPL, Mr Ajay Buchasia has experience of more than two decades in jute industry. Over the years, the company has been able to establish comfortable relationships with their key suppliers and customers.

- **Moderate scale of operation**

AIPL scale of operation stood moderate at Rs.18.48 crore in FY2018 (Prov.) as compare to Rs.16.40 crore in previous year. Company has earned Rs.13.00 crore till October end in current fiscal.

Weaknesses

- **Below average financial risk profile**

The below average financial risk profile of the company is marked by low Networth, moderate gearing and moderate debt protection metrics. The net worth of the company stood low at Rs.2.49 crore in FY2018 (Prov.) as compared to Rs.2.36 crore in FY2017, mainly on account of retention of current year profit. The gearing of the company stood moderate at 1.27 times in FY2018 (Prov.) as compared to 1.11 times in FY2017. The interest coverage ratio (ICR) of the company stood comfortable at 1.71 times in FY2018 (Prov.) as compared to 1.74 times in FY2017. The debt service coverage ratio (DSCR) of the company stood moderate at 1.53 times in FY2018 (Prov.) as compared to 1.51times in FY2017. The net cash accruals against the total debt stand low at 0.05 times in FY2018 (Prov.) compared to 0.06 times in FY2017.

- **Working capital intensive nature of operation**

AIPL's nature of operations is working capital intensive marked by high Gross Current Asset (GCA) days of 169 days and 134 days in FY2018 (Prov.) and FY2017 respectively. Such high GCA days is mainly due to high inventory days (77 days and 69 days in FY2018 (Prov.) and FY2017 respectively) as company has to maintain significant amount of raw materials inventory due to volatility in raw material prices. The debtor days stood at 56 days and 34 days in FY2018 (Prov.) and FY2017 respectively.

About the Rated Entity - Key Financials

	Unit	FY18 (Prov.)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	18.48	16.40	18.53
EBITDA	Rs. Cr.	0.48	0.45	0.53
PAT	Rs. Cr.	0.12	0.10	0.05
EBITDA Margin	(%)	2.57	2.73	2.84
PAT Margin	(%)	0.66	0.63	0.29
ROCE	(%)	9.38	9.59	11.08
Total Debt/Tangible Net Worth	Times	1.27	1.11	1.13
PBDIT/Interest	Times	1.71	1.74	1.70
Total Debt/PBDIT	Times	5.77	5.05	4.32
Gross Current Assets (Days)	Days	169	134	115

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>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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
Packing Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A4 (Assigned)
FDBP	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Assigned)

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About Acuité Ratings & Research:

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