

## Press Release

Amrit Impex Private Limited (AIPL)

June 05, 2019

Rating Reaffirmed & Assigned



Total Bank Facilities Rated*	Rs. 8.00 Cr. (Enhanced from RS. 5.00 crore)
Short Term Rating	ACUITE A4 (Re-affirmed)

\* Refer Annexure for details

### Rating Rationale

Acuite has reaffirmed short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 5.00 crore bank facilities and assigned short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 3.00 crore of proposed bank facility 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

Acuite 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 and moderate profitability

AIPL scale of operation stood moderate at Rs.27.26 crore in FY2019 (Prov.) as compared to Rs.18.60 crore in previous year. The profitability of the company stood moderate at 3.29 per cent in FY2019 (Prov.) as compared to 2.53 per cent in previous year. This improvement in operating margin is mainly due to decrease in raw material price. The net profit margin of the company also stood comfortable at 2.25 per cent in FY2019 (Prov.) as compared to 0.66 per cent in FY2018.

#### Weaknesses

#### Below average financial risk profile

The below average financial risk profile of the company is marked by low Networth, high gearing and healthy debt protection metrics. The net worth of the company stood low at Rs.3.10 crore in FY2019 (Prov.) as compared to Rs.2.49 crore in FY2017, mainly on account of retention of current year profit. The gearing of the company stood high at 1.86 times in FY2019 (Prov.) as increased from 1.27 times in FY2018 due to increase in short term debt. The total debt of Rs.5.78 crore in FY2019 (Prov.) mainly consist of short term loan taken from bank. The interest coverage ratio (ICR) of the company stood comfortable at 3.76 times in FY2019 (Prov.) as compared to 1.71 times in FY2018. The debt service coverage ratio (DSCR) of the company stood healthy at 3.11 times in FY2019 (Prov.) as compared to 3.52 times in FY2018. The net cash accruals against the total debt stand low at 0.11 times in FY2019 (Prov.) compared to 0.26 times in FY2018.

#### Working capital intensive nature of operation

AIPL's nature of operations is working capital intensive marked by high Gross Current Asset (GCA) days of 153 days and 168 days in FY2019 (Prov.) and FY2018 respectively. Such high GCA days is mainly due

to high inventory days of 88 in FY2019 (Prov.) and 77 days in FY2018, as company has to maintain significant amount of raw materials inventory due to volatility in raw material prices. The debtor days stood at 51 days and 56 days in FY2019 (Prov.) and FY2018 respectively.

### Liquidity profile

The liquidity position of AIPL is moderate marked by net cash accruals of Rs. 0.66 crore as on 31<sup>st</sup> March, 2018, as against Rs. 0.17 crore in the previous year. The company does not have any fixed annual repayment obligations. The nature of operations of AIPL is working capital intensive, characterized by gross current asset days (GCA) days of 153 as on 31<sup>st</sup> March'18 which is mainly due to high inventory days of 88 as on 31<sup>st</sup> March'18. This intensifies working capital requirements. The average fund based limit utilisation remains almost full.

### About the Rated Entity - Key Financials

	Unit	FY19 (Prov.)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	27.26	18.60	16.40
EBITDA	Rs. Cr.	0.90	0.47	0.45
PAT	Rs. Cr.	0.61	0.12	0.10
EBITDA Margin	(%)	3.29	2.53	2.73
PAT Margin	(%)	2.25	0.66	0.63
ROCE	(%)	15.56	9.38	9.59
Total Debt/Tangible Net Worth	Times	1.86	1.27	1.11
PBDIT/Interest	Times	3.76	1.71	1.74
Total Debt/PBDIT	Times	4.89	5.77	5.05
Gross Current Assets (Days)	Days	153	168	134

### 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)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
19-Nov-2018	Packing Credit	Short Term	4.00	ACUITE A4 (Assigned)
	FDBP	Short Term	1.00	ACUITE A4 (Assigned)

**\*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 (Reaffirmed)
FDBP	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Reaffirmed)
Proposed Packing Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4 (Assigned)

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**About Acuité Ratings & Research:**

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