

Press Release

Toyop Relief Private Limited

May 25, 2022



Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	14.50	-	ACUITE A4+ Upgraded
Bank Loan Ratings	36.25	-	ACUITE A4+ Assigned
Bank Loan Ratings	6.25	ACUITE BB- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	57.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to '**ACUITE BB-**' (read as ACUITE double B minus) from 'ACUITE B' (read as ACUITE B) and short-term rating to '**ACUITE A4+**' (read as ACUITE A four plus) from 'ACUITE A4' (read as ACUITE A four) on the Rs. 20.75 crore bank facilities of Toyop Relief Private Limited. The outlook is '**Stable**'.

Acuite has assigned short term rating of 'ACUITE A4+' (read as ACUITE A four plus) on the Rs. 36.25 crore bank facilities of Toyop Relief Private Limited. The outlook is 'Stable'.

Rating for rating upgradation

The rating upgradation reflects moderate financial risk profile marked by low net worth, high gearing and moderate debt protection metric. The rating factors in comfort derived by long track record of operations with an experienced management spanning over more than two decades with reputed customer base and adequate liquidity position. Recently, the company has backed orders worth Rs. 500 Cr from Norwegian Relief Council and 2 Million USD worth order from ACTED. However, the execution of the said orders will be a key monitorable in the near term. Additionally, the rating is constrained by TRPL's restricted operational performance, intensive nature of working capital operations and order execution risk.

About the Company

Maharashtra Based - TRPL was incorporated in 1997 as a proprietorship concern reconstituted as a partnership firm and later as a private limited company in 2007. TRPL was promoted by Mr. Sachin Shah and his wife Mrs. Toral Shah. TRPL is engaged in the business of supplying relief materials to various organizations that cater to needy nations in times of calamities and disasters. TRPL is also an authorized dealer of plastic granules for Lyondell Basell Group in India. TRPL has also invested in 1.5 MW wind power generation in Rajasthan

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Toyop Relief Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

> Long Track Record of Operations with an Experienced Management

TRPL was established in 1997 as a proprietorship concern and reconstituted as a private limited company in 2007. The company is promoted by Mr. Sachin Shah who has been in this business since the past two decades. The long track record of operations has enabled the company to bag orders worth Rs. 500 Cr from Norwegian Relief Council and 2 Million USD worth order from ACTED. Acuité believes company's long track record of operations along with promoter's extensive experience helps the company in maintaining long term relations with its customers and suppliers.

> Reputed Customer Base

TRPL is engaged in the business of supplying relief materials to various non-governmental organizations including UNICEF IOM UNHCR IFRC to name a few that cater to needy nations in times of calamities and disasters. Further TRPL is the authorized distributor of Lyondell Basell Group a public multinational chemical company listed on the NYSE stockexchange.

Weaknesses

> Working capital intensive operations

Improved yet intensive working capital requirements as evident from gross current assets (GCA) of 158 days for FY2021 as against 192 days for FY2020. Improved GCA days are mainly due to fall in debtor days from 60 days in FY2020 to 39 days in FY2021. However, inventory days stood deteriorated from 93 days in FY2020 to 114 days in FY2021, the increase in inventory days is mainly due to the disruption caused by Covid-19 pandemic as the company higher inventory of stock-in-trade at the end of the financial year. Current Ratio stood moderate at 1.50 times as on 31 March 2021 as against 1.14 times in the previous year.

> Moderate Financial risk profile

The financial risk profile of the company stood moderate marked by low net worth, high gearing and moderate coverage metrics. The net worth of the company stood at Rs. 3.63 crore as on 31 March 2021 as against Rs. 0.21 crore as on 31 March 2020. The gearing (debtequity) of the company stood high at 5.43 times as on 31 March 2021 as against 107.40 times as on 31 March 2020. Further, the promoters of TRPL have infused Rs. 7.18 Cr of unsecured loans as of 31 st March 2021 which has brought the adjusted gearing to 3.45 times. Total debt of the company stood at Rs. 19.69 crore as on 31 March, 2021 which comprises of short term debt of Rs. 10.35 Cr, long term debt of Rs. 1.71 Cr, CPLTD of Rs. 0.46 Cr. Interest coverage ratio stood comfortable at 2.48 times for FY2021 as against 0.10 times for FY2020. Further, debt service coverage ratio stood at 1.85 times in FY2021 as against 0.04 times in FY2020. TOL/TNW stood at 5.67 times for FY2021 and Debt-EBITDA stood high at 3.39 times for FY2021. However, NCA/TD stood at 0.16 times for FY2021 as against (0.09) times in previous year.

Rating Sensitivities

- > Deterioration in profitability margins.
- > Timely execution of orders
- > Substantial deterioration in working capital operations

Material covenants

None

Liquidity Position: Adequate

Long term liquidity of the company stood adequate as the company generated cash accruals of Rs. 3.08 crore for FY2021 as against Rs. 0.59 Cr of repayment obligations for the same period. Further, the liquidity position is expected to remain adequate as the company is

expected to generate net cash accrual of around 1.86 Cr to 28.72 Cr for FY22-FY23 as against repayment obligation of around Rs. 0.46 Cr to 0.74 Cr for the same period. As the company's operations are working capital intensive as marked by gross current asset (GCA) days of 158 days in FY2021 the reliance on working capital borrowings has been high with the average utilization for fund based facility standing at ~94 per cent in the last six months ending March 2022. Further, the current ratio stood at 1.50 times as on 31 st March 2021.

Outlook: Stable

Acuité believes that TRPL will maintain a 'Stable' outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profitability while maintaining its debt protection metrics. Conversely the outlook may be revised to 'Negative' in case of deterioration in its financial risk profile or working capital management.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	36.11	35.03
PAT	Rs. Cr.	2.41	(2.86)
PAT Margin	(%)	6.68	(8.15)
Total Debt/Tangible Net Worth	Times	5.43	107.40
PBDIT/Interest	Times	2.48	0.10

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <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
28 Apr 2021	Packing Credit	Short Term	8.75	ACUITE A4 (Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE B (Issuer not co-operating*)
	Letter of Credit	Short Term	7.00	ACUITE A4 (Issuer not co-operating*)
06 Feb 2020	Letter of Credit	Short Term	7.00	ACUITE A4 (Issuer not co-operating*)
	Packing Credit	Short Term	8.75	ACUITE A4 (Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE B (Issuer not co-operating*)
27 Nov 2018	Packing Credit	Short Term	8.75	ACUITE A4 (Assigned)
	Cash Credit	Long Term	5.00	ACUITE B Stable (Assigned)
	Letter of Credit	Short Term	7.00	ACUITE A4 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.25	ACUITE BB- Stable Upgraded
Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE A4+ Upgraded
Bank of India	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4+ Upgraded
Not Applicable	Not Applicable	Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE A4+ Assigned
Not Applicable	Not Applicable	Proposed Packing Credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4+ Upgraded
Not Applicable	Not Applicable	Proposed Packing Credit	Not Applicable	Not Applicable	Not Applicable	28.25	ACUITE A4+ Assigned

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About Acuité Ratings & Research

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