

Press Release
TOYOP RELIEF PRIVATE LIMITED
August 19, 2023
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term
Bank Loan Ratings	7.56	ACUITE BB- Stable Reaffirmed	-
Bank Loan Ratings	49.44	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	57.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of **Acuite BB-** (read as **Acuite double B minus**) and short-term rating of **Acuite A4+** (read as **Acuite A four plus**) on the Rs.57.00 Cr bank facilities of Toyop Relief Private Limited (TRPL). The outlook is 'Stable'.

Rationale for Reaffirmation

The rating reaffirmation reflects steady operating performance of TRPL marked by stable revenue growth and range bound operating margins. The revenue stood at Rs.56.52 Cr in FY2023(Prov) against Rs.45.32 Cr in FY2022. The rating also factors in comfort derived by long track record of operations with an experienced management spanning over more than two decades with reputed customer base. Further, the rating is constrained by TRPL's below average financial risk profile and intensive nature of working capital operations.

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

Acuite 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.

Acuite believes company's long track record of operations along with promoter's extensive experience will help 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 stock-exchange.

Weaknesses

Below Average Financial Risk Profile

The financial risk profile of the company stood moderate marked by low net worth, moderate gearing, and debt-protection metrics. The net worth of the company stood at Rs. 6.36 Cr as on 31 March 2023(Prov) as against Rs. 4.51 Cr as on 31 March 2022. The gearing (debt-equity) of the company stood at 3.80 times as on 31 March 2023(Prov) as against 4.70 times as on 31 March 2022. Total debt of the company stood at Rs. 24.16 Cr as on 31 March 2023(Prov) which comprises of short-term debt of Rs. 15.16 Cr, long term debt of Rs.2.10 Cr and Unsecured loans from promoters and related parties at Rs.6.89 Cr. Interest coverage ratio stood at 2.31 times for FY2023(Prov) as against 2.10 times for FY2022. Further, debt service coverage ratio stood at 1.56 times in FY2023(Prov) as against 1.41 times in FY2022. TOL/TNW stood at 4.67 times for FY2023(Prov) and Debt-EBITDA stood high at 4.31 times for FY2023(Prov). However, NCA/TD stood at 0.10 times for FY2023(Prov) as against 0.07 times in previous year.

Working capital intensive operations

The working capital operations are intensive in nature with high GCA days of 183 days for FY2023(Prov) as against 175 days for FY2022. The high GCA days are led by inventory days of 113 days in FY2023(Prov) against 89 days in FY2022. The increase in inventory is due to increase in value of inventory and partial increase in volumes. The debtor days stood at 49 days in FY2023(Prov) against 51 days in FY2022. The current ratio stood moderate at 1.47 times as on 31st March 2023(Prov) against 1.61 times in the previous year.

Rating Sensitivities

- Improvement in scale of operations and profitability.
- Further elongation in working capital operations.

Material covenants

None

Liquidity Position

Stretched

The liquidity position is stretched with high reliance on working capital limits, with average fund-based limit utilisation at 92.18 percent over the last 12 months ending March 2023. Further the working capital operations are intensive with high GCA days of 183 days in FY2023(Prov). However, the cash accruals generated stood at Rs.2.50 Cr for FY2023(Prov) against maturing debt repayment obligation of Rs.0.74 Cr during the same period. TRPL is expected to generate net cash accrual of around 3.65 Cr to 4.85 Cr for FY24 & FY25 as against repayment obligation of around Rs. 0.94 Cr and 0.47 Cr during the same period.

Outlook: Stable

Acuite 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 considerable deterioration in its financial risk profile or working capital management.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	56.52	45.32
PAT	Rs. Cr.	1.84	0.89
PAT Margin	(%)	3.26	1.96
Total Debt/Tangible Net Worth	Times	3.80	4.70
PBDIT/Interest	Times	2.31	2.10

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

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 May 2022	Letter of Credit	Short Term	7.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Cash Credit	Long Term	6.25	ACUITE BB- Stable (Upgraded from ACUITE B)
	Packing Credit	Short Term	5.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Proposed Packing Credit	Short Term	2.50	ACUITE A4+ (Upgraded from ACUITE A4)
	Proposed Packing Credit	Short Term	28.25	ACUITE A4+ (Assigned)
	Proposed Letter of Credit	Short Term	8.00	ACUITE A4+ (Assigned)
28 Apr 2021	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*)
	Packing Credit	Short Term	8.75	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*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE BB- Stable Reaffirmed
Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	7.00	ACUITE A4+ Reaffirmed
Bank of India	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4+ Reaffirmed
Not Applicable	Not Applicable	Proposed Packing Credit	Not Applicable	Not Applicable	Not Applicable	Simple	37.44	ACUITE A4+ Reaffirmed
Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.02	ACUITE BB- Stable Reaffirmed
Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.54	ACUITE BB- Stable Reaffirmed

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About Acuité Ratings & Research

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