

Press Release

India Export International

January 22, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 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**) to the Rs. 10.00 crore bank facilities of India Export International (IEI).

Established in 2013, IEI is a Maldah (West Bengal) based partnership firm engaged in exporting of rice, oil cakes and wheat, among others to Bangladesh. The firm was established by Mr. Saikat Saha, Mr. Palash Saha and Mrs. Sonali Saha with Mr. Saikat Saha and Mr. Palash Saha actively engaged in the day to day operations. Around 90 percent of the revenue is derived from the sale of rice while the balance is derived from oil cakes, wheat and others.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management**

Established in 2013, IEI has a track record of five years in trading/ export of agricultural products. In addition, the Saha family has over a decade of experience in rice milling through Abani Rice Mill Private Limited.

- **Improvement in scale of operation**

The scale of operations improved to Rs.185.44 crore in FY 2018 as against Rs.20.65 crore in the previous year. The improvement in top line is on account of improved scenario in the export market of Bangladesh. Since January 2017, the export market of rice to Bangladesh has improved on account of floods in Bangladesh which damaged crops and pushed domestic prices to increase. During the current year, the firm has achieved Rs.51.73 crore till 30 September, 2018 (Provisional).

Weaknesses

- **Low profitability**

The profitability is lower as envisaged from the operating margins of 0.92 percent in FY 18 as compare to 1.30 percent in the previous year. The net profit margin is also low and stood at 0.31 percent in FY 18 as compare to 0.44 percent in the previous year. The low profitability is on account of trading nature of operations. Further, the profitability is also susceptible to volatility in prices of agricultural products on account of demand-supply scenario and intense competition.

- **Moderate financial risk profile**

The financial risk profile of IEI is moderate marked by low net worth, moderate debt protection metrics and comfortable gearing. The net worth of the company stood at Rs.2.39 crore as on 31 March, 2018 as against Rs.1.64 crore as on 31 March, 2017. The interest coverage ratio stood moderate at 1.94 times in FY 2018 as against 1.88 times in FY 2017. Moreover, NCA/TD stood low at 0.06 times in FY2018 as against 0.04 times in FY 2017. Gearing (debt-equity) stood high at 4.09 times in FY 2018 as against 0.1.26 times in FY 2017. Total debt of Rs.9.77 crore in FY 2018 consists of working capital

facilities.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	185.44	20.65	39.61
EBITDA	Rs. Cr.	1.70	0.27	0.54
PAT	Rs. Cr.	0.57	0.09	0.14
EBITDA Margin	(%)	0.92	1.30	1.37
PAT Margin	(%)	0.31	0.44	0.36
ROCE	(%)	21.60	8.85	12.61
Total Debt/Tangible Net Worth	Times	4.09	1.26	0.88
PBDIT/Interest	Times	1.94	1.88	1.59
Total Debt/PBDIT	Times	5.69	7.25	2.28
Gross Current Assets (Days)	Days	53	98	23

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>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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. Cr.)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4
FBN/FBP/FBD/PSFC/FBE	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE A4

Contacts:

Analytical	Rating Desk
Pooja Ghosh Head- Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in Aniruddha Dhar Rating Analyst Tel: 033-66201209 aniruddha.dhar@acuite.ratings.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*Erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.