



**Press Release**  
**Kripa Anand Rishi Cellular Private Limited**  
**March 15, 2024**  
**Rating Reaffirmed**

| Product                            | Quantum (Rs. Cr) | Long Term Rating                 | Short Term Rating |
|------------------------------------|------------------|----------------------------------|-------------------|
| Bank Loan Ratings                  | 14.90            | ACUITE BB-   Stable   Reaffirmed | -                 |
| Total Outstanding Quantum (Rs. Cr) | 14.90            | -                                | -                 |

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) on the Rs.14.90 crore bank facilities of Kripa Anand Rishi Cellular Private Limited (KARCPL). The outlook is '**Stable**'.

**Rationale for rating reaffirmation**

The rating reaffirmation takes into account KARCPL's moderate financial risk profile along with experienced management and established track record of operations. Further the rating considers the improvement recorded in FY2023 revenue, which stood at Rs.106.75 Cr against Rs.89.24 Cr in FY2022. In 9MFY2024, company has reported revenue of Rs.135.57 Cr. However, the rating is constrained due to company's presence in the highly fragmented and competitive industry. Going ahead, ability of KARCPL to sustain the growth in its revenue and profitability margins while restricting any significant elongations in the working capital operations and stretch in liquidity position will remain key rating monitorable.

**About the Company**

KARCPL incorporated in 2006, is a Pune-based company engaged in distribution of electronic products for Samsung mobiles and Syska accessories such as chargers, power bank and headphones. The company supplies products to around 450 retailers in Pune. The directors of the company are Mr. Rohan Vijaykumar Dudhedia, Mr. Jayesh Vijaykumar Dudhedia and Mr. Manish Ramanlal Dudhedia.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone financial and business risk profile of Kripa Anand Rishi Cellular Private Limited to arrive at this rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and established track record of operations**

KARCPL is engaged in distribution of electronic products for Samsung mobiles and Syska accessories such as chargers, power bank and headphones. It has an established operational track record of more than a decade. It is promoted by Mr. Rohan V. Dudhedia, Mr. Manish R. Dudhedia and Mr. Jayesh V. Dudhedia, who collectively possess experience of

more than two decades in the trading of electronic products. The promoters are being supported by its team of experienced professionals in managing day to day operations of

KARCPL. The extensive experience of the promoters has enabled KARCPL to establish a healthy relationship with its customers and suppliers.

Acuité believes that KARCPL will continue to benefit from its experienced management and established track record of operations.

### **Moderate Financial Risk Profile**

Financial risk profile of KARCPL is moderate marked by marked by modest networth, moderate gearing and average debt protection metrics. The networth of the company stood modest at Rs.12.18 Cr as on 31 March, 2023 as against Rs.11.37 Cr as on 31 March, 2022 and has improved due to accretion of profits to reserves. The gearing (debt-equity) of the company is moderate which stood improved at 1.02 times as on 31 March, 2023 as against 1.41 times as on 31 March, 2022. TThe total debt of Rs.12.40 Cr as on 31 March, 2023 consists of long term bank borrowings of Rs.1.1 Cr, short term bank borrowings of Rs.10.50 Cr and unsecured loans from directors of Rs. 72 lakhs.

The interest coverage ratio moderated to 1.97 times for FY2023 as against 2.08 times for FY2022. The DSCR stood moderated to 1.23 times for FY2023 as against 1.44 times for FY2022. The Net Cash Accruals to Total debt stood marginally improved at 0.08 times for FY2023 as against 0.07 times for FY2022. The Total outside liabilities to Tangible net worth improved to 1.31 times for FY2023 as against 1.89 times for FY2022.

Acuité believes that the financial risk profile of KARCPL will remain moderate over the medium term on account of its low debt levels vis-à-vis modest tangible net worth and average debt protection metrics.

### **Weaknesses**

#### **Highly competitive industry**

KARCPL operates in a highly competitive and fragmented industry. The revenues and margins from the mobile products segment depend on the changes in policies with regard to margins to vendors. The company's performance in segments, i.e. IT products and electronics, is exposed to the risk of unfavourable changes in policies. Any significant regulatory changes against the telecom industry and ecommerce players are likely to impact the company to maintain a stable business profile.

#### **Moderately intensive working capital operations**

The working capital operations of KARCPL improved yet remained at moderate levels in FY2023 marked by Gross Current Assets (GCA) of 81 days as against 116 days in FY2022. The improvement is on account of lower receivable days during the same period which stood at 47 days for FY2023 as against 80 days for FY2022. The inventory cycle of the company stood low at 13 days for FY2023 as against 11 days for FY2022, whereas the creditors stood at 11 days for FY2023 as against 22 days for FY2022.

Acuite expects the working capital operations to remain moderately intensive over the medium term.

### **Rating Sensitivities**

- Ability to sustain growth in scale of operations while maintaining its profitability
- Any significant elongation in working capital cycle

### **Liquidity Position**

#### **Adequate**

The company has generated Net Cash Accruals of 0.94 Cr in FY23 against its repayment obligation of 0.54 Cr in FY23. Going ahead, the company is expected to generate cash accruals in the range of Rs.2.03-2.50 Cr over the medium term against its repayment obligation of Rs.0.84-0.33 Cr during the same period. The working capital operations of the

company are moderate in nature marked by its gross current asset (GCA) days of 81 days for FY2023. The reliance on working capital limits stood moderate at 80% for the last 6 months ending January 2024.

Current ratio stands at 1.81 times as on 31 March 2023. The company has maintained cash & bank balance of Rs.1.18 Cr as of March 31, 2023.

Acuite believes that the liquidity position of the company will remain adequate over the medium term on account of average cash accrual generation against its maturing debt repayment obligations and moderate reliance on working capital limits.

### **Outlook: Stable**

Acuite believes that KARCPL will maintain 'Stable' outlook over the medium term on account of its experienced management with established track record of operations and moderate financial risk profile. The outlook may be revised to 'Positive' in case of significant and sustained growth in revenue and profitability while effectively managing its working capital cycle and keeping the debt levels moderate. Conversely, the outlook may be revised to 'Negative' in case of lower than expected growth in revenue or deterioration in the financial and liquidity profile most likely as a result of higher than envisaged working capital requirements.

### **Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 23 (Actual) | FY 22 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 106.75         | 89.24          |
| PAT                           | Rs. Cr. | 0.81           | 1.00           |
| PAT Margin                    | (%)     | 0.76           | 1.12           |
| Total Debt/Tangible Net Worth | Times   | 1.02           | 1.41           |
| PBDIT/Interest                | Times   | 1.97           | 2.08           |

### 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>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.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](http://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities   | Term      | Amount (Rs. Cr) | Rating/Outlook                                |
|-------------|----------------------------------|-----------|-----------------|---|
| 16 Dec 2022 | Inventory Funding                | Long Term | 10.50           | ACUITE BB-   Stable (Reaffirmed)              |
|             | Proposed Long Term Bank Facility | Long Term | 2.40            | ACUITE BB-   Stable (Reaffirmed)              |
|             | Term Loan                        | Long Term | 2.00            | ACUITE BB-   Stable (Reaffirmed)              |
| 17 Sep 2021 | Inventory Funding                | Long Term | 12.50           | ACUITE BB-   Stable (Upgraded from ACUITE B+) |
|             | Term Loan                        | Long Term | 2.40            | ACUITE BB-   Stable (Assigned)                |

## Annexure - Details of instruments rated

| Lender's Name       | ISIN                 | Facilities                       | Date Of Issuance     | Coupon Rate          | Maturity Date        | Complexity Level | Quantum (Rs. Cr.) | Rating                                    |
|---------------------|----------------------|----------------------------------|----------------------|----------------------|----------------------|------------------|-------------------|---|
| State Bank of India | Not avl. / Not appl. | Inventory Funding                | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple           | 10.50             | ACUITE<br>BB-  <br>Stable  <br>Reaffirmed |
| Not Applicable      | Not avl. / Not appl. | Proposed Long Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple           | 2.40              | ACUITE<br>BB-  <br>Stable  <br>Reaffirmed |
| State Bank of India | Not avl. / Not appl. | Term Loan                        | 01 Sep 2020          | Not avl. / Not appl. | 31 Aug 2024          | Simple           | 2.00              | ACUITE<br>BB-  <br>Stable  <br>Reaffirmed |

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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