

Press Release
AMTRADE
June 06, 2025
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE BB Stable Reaffirmed	-
Bank Loan Ratings	28.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	38.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed long-term rating of ‘**ACUITÉ BB**’ (read as **ACUITE double B**) and short-term rating of ‘**ACUITÉ A4+**’ (read as **ACUITE A four plus**) on the Rs. 38.00 Cr. bank facilities of Amtrade. The outlook is ‘**Stable**’.

Rationale for rating

The rating reaffirmation considers the moderation in operating performance. The rating also factors in the adequate liquidity, established track record and industry experience of the promoters in the trading business. However, the rating is constrained by the intensive working capital operations, below average financial risk profile and capital withdrawal risk inherent in the partnership firm.

About the Company

Established in 1999, Amtrade is a partnership firm founded by Mr. Rajesh Madhavan, Mr. Gokuldas Madhavan and Mr. Suresh Madhavan. The firm specializes in international trade, engaging in the import and export of a diverse range of commodities, including textiles, fertilizers, agrochemicals, metals, minerals, construction materials, polymers, spices, agricultural products, and petroleum products.

In a strategic move in 2009, Amtrade diversified its business portfolio by acquiring a franchise from Aptech Ltd for the Maya Academy of Advanced Creativity (MAAC). Presently, Amtrade operates four MAAC centres strategically located in Maharashtra - Malad, Mira Road, Sakinaka, and Pune. Additionally, the company holds a franchise from Aptech Ltd for Lakmé Academy. Powered by Aptech, Lakmé Academy focuses on developing skilled professionals for the beauty and wellness industry, with established centres in Vashi and Sion. This strategic expansion aligns with Amtrade's commitment to excellence and diversification across industries.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Amtrade to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

The firm established in 1999, is involved in the trading industry for more than two decades. The partners have forged strong relationships with a diverse group of customers and suppliers. Acuité believes that the experience of the management in the industry is likely to benefit the firm over the near to medium term.

Moderation in revenues while maintaining profitability margins

The revenues of Amtrade moderated and stood at Rs. 127.52 Cr. in FY25 (Prov.) as against Rs.125.33 Cr. in FY24 and Rs.196.33 Cr. in FY23. This was on account of cancellation of few orders due to documentation issues. Amtrade caters to industries like Textile, Construction, petroleum etc. Majority of the products are imported from China. Around 95 per cent of the sales are local sales and the remaining are from Export Sales and Franchise Business. Around 95 percent of revenue is generated from trading activities and remaining from other businesses.

Profitability of the firm has remained stable with a range bound operating margin. In FY25 (Prov.) the firm has reported operating margin at 5.02 per cent. Operating margin of the firm stood at 4.26 per cent in FY24 as against 3.01 percent in FY23. The improvement in the margins is due better absorption of raw material, admin and selling expenses. PAT margins of the firm stood at 2.02 per cent in FY25 (Prov.) and 0.34 percent in FY24 as against 1.38 percent in FY23. Acuite, believes the operating performance of the company would improve steadily owing to comfortable order book of turnkey projects.

Weaknesses

Moderately intensive Working capital operations

Working capital operations of the firm are moderately intensive marked by improvement in GCA of 229 days in FY25 (Prov.) as against 179 days in FY24 and 108 days in FY23. GCA days are driven by high debtor days which stood at 148 days in FY25 (Prov.) as against 115 days in FY24 and 70 days in FY23. The increase in debtor days is due to the ongoing turnkey projects from reputed clients. Inventory days stood at 46 days in FY25 (provisional) as against 27 days in FY24 and 17 days in FY23. Majority of the products are imported from China. Creditor days stood at 25 days in FY25 (Prov) as against 14 days in FY24 and 11 days in FY23. Acuite believes that working capital operations of the firm continue to remain moderately intensive considering elongated debtor days.

Below average financial risk profile

Financial risk profile of the firm remained below average with low net worth, high gearing and moderate debt protection indicators. Net worth of the firm stood at Rs. 22.19 Cr. as on 31 March 2025 (Prov.) as against Rs. 20.55 Cr. as on 31 March 2024. The improvement in the net worth is account of retention of profits to an extent. Gearing of the firm stood high at 2.30 times as on 31 March 2025 (Prov.) as against 1.98 times as on 31 March 2024 and 3.16 times as on 31st March 2023. The total debt of the firm stood at Rs.51.01 Cr. in FY25 (Prov.) as against Rs.40.78 Cr. in FY24 and Rs. 46.27 Cr. in FY23. Total debt of the firm comprises of short-term debt of Rs. 43.42 Cr. and unsecured loans of Rs.2.00 Cr. and long-term debt of Rs.4.56 Cr. Debt service coverage ratio (DSCR) stood average at 1.53 times in FY25 (Prov.) as against 1.18 times in FY24. Total outside liabilities to Tangible net worth (TOL/TNW) stood at 2.91 times as on 31 March 2025 (Prov.) as against 2.36 times as on 31 March 2024. Interest coverage ratio stood average at 1.92 times in FY25 (Prov.) as against 1.34 times in FY24. Net Cash Accruals to Total Debt (NCA/TD) of the firm stood at 0.07 times for FY25 (provisional) as against 0.04 times for FY24. Acuite believes that financial risk profile of the firm likely to improve owing to absence of major debt-funded capex.

Capital withdrawal risk associated with partnership firm

Being a partnership firm, firm is exposed to the capital withdrawal risk. Any significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile of the firm.

Rating Sensitivities

- Continuous improvement in revenues and the profitability margin.
- Elongation in working capital cycle owing to higher-than-expected debtor days
- Deterioration in financial risk profile.

Liquidity Position

Adequate

The firm's liquidity position is adequate. The firm generated net cash accruals in the range of Rs.3.49- 3.92 Cr. from FY 2023- 2025 (Prov.) The working capital operations of the firm are moderately intensive marked by improvement in GCA days of 229 days in FY25 (Prov.) as against 179 days in FY24 and 108 days in FY23. The average utilization of the fund-based limits stood high at ~91 per cent. The current ratio of the firm stands at 1.38

times as on March 31, 2025 (Prov.) as against 1.49 times on March 31, 2024 and 1.34 times as on March 31, 2023.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	127.52	125.23
PAT	Rs. Cr.	2.57	0.43
PAT Margin	(%)	2.02	0.34
Total Debt/Tangible Net Worth	Times	2.30	1.98
PBDIT/Interest	Times	1.92	1.34

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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
08 Mar 2024	Letter of Credit	Short Term	28.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Tamilnad Mercantile Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BB Stable Reaffirmed
Tamilnad Mercantile Bank Limited	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE A4+ Reaffirmed

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About Acuité Ratings & Research

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