



Press Release
ATISH INFRA DEVELOPERS PRIVATE LIMITED
May 22, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	33.20	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	33.20	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the bank facilities of Rs.33.20 Crore of Atish Infradevelopers Private Limited. The outlook is '**Stable**'.

Rationale for Rating

The assigned rating takes into cognizance the sound business risk profile of the company majorly driven by improvement in the company's revenue which increased to Rs.99.61 Cr. in FY2023 as against Rs.81.95 Cr. in FY2022, thereby registering a growth of 22%. Further, the company has achieved revenues of around Rs.148.00 Cr. till eleven months ended February 2024(Provisional). The increase in revenue in FY2023 is attributed to the premium quality of wheat products leading to better realisation compared to previous year. Further, the margins had improved to 6.31% in FY2023 from 5.55% in FY2022, since the Company faced competitive challenges in the agriculture segment. The rating also factors in the adequate liquidity position of the company as reflected in sufficient net cash accruals expected to meet the term debt obligations, flexibility of the promoters to bring in unsecured loans in the business and moderate current ratio. The rating also draws comfort from experienced management and moderate financial risk profile reflected by gearing ratio which is below unity. However, these strengths are partially offset by intensive working capital operations and vulnerability to governmental rules and agro-climatic risk along with intense competition in the agriculture business.

About the Company

Atish Infradevelopers Private Limited (AIPL), incorporated in 2015. The company is engaged in the manufacturing of Flour. The present directors of the company are Mr. Atiqur Rahman, Mr. Ayaz Ahmad and Mr. Aftab Ahmad. The registered office of the company is in Lucknow

Unsupported Rating

Not applicable.

Analytical Approach

Acuite has taken the standalone view on the business and financial risk profile of Atish Infradevelopers Private Limited (AIPL) to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

The company was incorporated in 2015. The directors of the company are Mr. Atiqur Rahman,

Mr. Ayaz Ahmad and Mr. Aftab Ahmad , have been engaged in the flour mill segment for more than five years. The promoters' long track record in the industry has an established

relationship with customers and suppliers, leading to gradual improvement in revenues on y-o-y basis (Rs.99.61 crore in FY23 as against Rs 81.95 crore in FY22). Further, on account of the promoters' extensive experience they are able to determine the prices of the products as per the changing dynamics of the market without affecting the profitability of the company. Acuite believes, that extensive experience of management will help the entity to flourish in near to medium term.

Steady scale of operations

The company's revenue increased to Rs.99.61 Cr. in FY2023 as against Rs.81.95 Cr. in FY2022, thereby registering an y-o-y growth of 22%. Further, the company has achieved revenues of around Rs.148.00 Cr. till eleven months ended February 2024 as per YTD. The increase in revenue in FY2023 can be attributed to the improved quality of wheat produced compared to last year and better realization of product. All supply orders are either directly from the traders, as the company offers its products to local customers as well as big brands such as Britannia. Orders obtained from the parties via the methods must be fulfilled within the allotted time. Going forward, the company is expected to increase the top-line under the range of Rs.200.00 Crore along with better margins as compared to previous years.

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by net-worth of Rs.45.36 Crore as on 31st March 2023 against Rs.41.36 Crore as on 31st March 2022. The increase in the net-worth is on an account of accretion of profits into reserves and treatment of unsecured loans as quasi equity. Further, the total debt of the company stood at Rs.32.83 Crore as on 31st March 2023 against Rs.24.01 Crore as on 31st March 2022. The capital structure of the company is comfortable marked by gearing ratio of the company which is below unity and stood at 0.75 times as on 31st March 2023 against 0.58 times as on 31st March 2022. Further, the coverage indicators of the company improved reflected by interest coverage ratio and debt service coverage ratio of the company stood at 5.51 times and 1.11 times respectively as on 31st March 2023 against 9.57 times and 9.64 times respectively as on 31st March 2022. The TOL/TNW ratio of the company stood at 0.76 times as on 31st March 2023 against 0.62 times as on 31st March 2022 and DEBT-EBITDA of the company stood at 5.11 times as on 31st March 2023 against 5.11 times as on 31st March 2022. Acuite believes that financial risk profile of the company is expected to improve in near to medium term in the absence of any additional long term debt taken.

Weaknesses

Working Capital Intensive operations

The working capital operations of the company is intensive marked by GCA days which stood at 146 days as on as on 31st March 2023 against 146 days as on 31st March 2022. The GCA days are higher on an account of moderate debtor days and high inventory days which stood at 32 days and 108 days respectively as on 31st March 2023 against 12 days and 110 days respectively as on 31st March 2022. On the other hand, the creditor days of the company stood at 1 days as on 31st March 2023 against 6 days as on 31st March 2022. Acuite believes that working capital operations of the company expected to remain in the same range due to nature of business.

Vulnerability to governmental rules and agro-climatic risk

The primary ingredient used to make sooji, maida, and aata is wheat. Agro-climatic conditions are the primary determinant of wheat production. Any unfavourable shift in the agro-climatic conditions could cause the supply chain for wheat to break. Furthermore, the government's strict regulation of wheat prices through the Minimum Support Price (MSP) could put pressure on AIPL's profitability. The Company also faces competition from both the organised and unorganised business in this industry which tends to put pressure on the margins of the Company.

Rating Sensitivities

- Growth in revenue along with improvement in profitability margins.
- Elongation in working capital cycle.

Liquidity Position **Adequate**

The liquidity profile of the company is adequate. The company have generated net cash accruals of Rs.4.89 against the debt repayment obligation of Rs.4.27 Crore in the same period. Going forward, the company is expected to generate net cash accruals under the range of Rs.8 Crore against the debt repayment obligations of Rs.3 Crore in near to medium term. The current ratio of the company stood at 1.72 times as on 31st March 2023 against 2.37 times as on 31st March 2022. Further, the average bank limit utilization of the company stood at 92.90% in last ten months ended February 2024. The cash and bank balance available with the company stood at Rs.1.04 Crore as on 31st March 2024 against Rs.0.12 Crore as on 31st March 2022.

Further, the company's debt-equity position of 0.75 times in FY23 shows sufficient opportunity to manage funds for the capex (if any) without much compromising the comfortable capital structure of the company. Acuite believes that liquidity profile of the company is expected to improve in near to medium term in the absence of any major repayment obligations as the company is not planning to take any additional debt in near to medium term.

Outlook: Stable

Acuite believes that the outlook on AIPL will remain 'Stable' over the medium term on account of the experienced management and the company's comfortable financial risk position. The outlook may be revised to 'Positive' in case of significant growth in revenue from the current levels while sustaining its margins, working capital cycle and nascent stage of operations. Conversely, the outlook may be revised to 'Negative' in case of a significant deterioration in the revenues or operating margins and elongation in its working capital cycle.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	99.61	81.95
PAT	Rs. Cr.	1.13	1.54
PAT Margin	(%)	1.14	1.87
Total Debt/Tangible Net Worth	Times	0.75	0.58
PBDIT/Interest	Times	5.51	9.57

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

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 :

Not applicable.

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 Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.50	ACUITE BB+ Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Covid Emergency Line.	31 Jul 2020	Not avl. / Not appl.	30 Sep 2024	Simple	1.01	ACUITE BB+ Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Covid Emergency Line.	30 Jun 2022	Not avl. / Not appl.	31 May 2026	Simple	0.97	ACUITE BB+ Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	30 Sep 2019	Not avl. / Not appl.	30 Sep 2026	Simple	5.24	ACUITE BB+ Stable Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	31 Mar 2022	Not avl. / Not appl.	28 Feb 2029	Simple	5.48	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

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