

## Press Release

**ASG KOMPANERO LIMITED (ERSTWHILE ASG LEATHER PRIVATE LIMITED)**

**December 02, 2024**

**Rating Reaffirmed and Withdrawn**



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	42.54	ACUITE BB+   Reaffirmed & Withdrawn	-
Bank Loan Ratings	4.67	Not Applicable   Withdrawn	-
Bank Loan Ratings	7.00	-	ACUITE A4+   Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	54.21	-	-

## Rating Rationale

Acuite has reaffirmed and withdrawn its long-term rating to 'ACUITE BB+' (read as ACUITE double B plus) on the Rs. 42.54 Cr. bank facilities of ASG Kompanero Limited (Erstwhile ASG Leather Private Limited).

Acuite has also reaffirmed and withdrawn short term rating of 'ACUITE A4+' (read as ACUITE A four plus) on bank facilities of Rs. 7.00 Cr. of ASG Kompanero Limited (Erstwhile ASG Leather Private Limited).

Acuite has also withdrawn the long-term proposed facility of Rs. 4.67 Cr. without assigning any rating as it is a proposed facility of ASG Kompanero Limited (Erstwhile ASG Leather Private Limited).

The rating has been withdrawn as per Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility. The rating has been withdrawn on account of the request received from the company and NOCs (No Objection Certificates) received from the respective bankers.

## Rationale for Rating

The rating takes into cognizance long track record of operations, stable revenues yet declining revenues while increasing operating profitability, average financial risk profile; however these strengths are partly offset by intensive working capital cycle and stretched liquidity position.

## About the Company

West Bengal based, Asg Kompanero Limited (Erstwhile Asg Leather Private Limited) was incorporated in 2002. The company is engaged in the manufacturing of leather goods such as handbags, wallets, folders, organizers, pouches, and other small leather goods like passport/card holders, personalized accessories, gift items. ALPL has three leather goods manufacturing units and two tanneries in Kolkata. The directors of this company are Mr. Debika Saha, Mr. Indranath Sengupta, Mr. Alope Kumar Sengupta, Mr. Pranab Kumar Chakrabarty and Mr. Sumit Sen.

## Unsupported Rating

Not Applicable

## Analytical Approach

Acuite has considered the standalone business and financial risk profile of ASG Kompanero Limited while arriving at the rating.

## Key Rating Drivers

### Strengths

#### Long track record of operations aided by the established brand name

The company has long-standing operations of over two decades and serves both the domestic and international market. Acuite believes that the operational risk is mitigated to some extent by the company's proven track record of operations in the manufacturing and export of leather products, as well as the promoter's extended experience in

the industry.

#### **Diversified geographical presence along with reputed clientele**

The company has a diversified revenue stream and operates both in the domestic as well as international market. The company has a global presence in more than ten to twelve countries and has established market presence in major European countries like Germany, Spain, France, and Australia. Acuité believes the healthy clientele relationships, established market position and the diversification in revenue stream will continue to benefit the company going forward.

#### **Stable yet declining revenues while increasing operating profitability**

The revenues have slightly decreased to Rs.123.24 Cr. as on March 31, 2024(Prov.) from Rs. 125.98 Cr. as on March 31, 2023 due to subdued demand from foreign markets. However, the operating profitability has increased to 12.91 percent as on March 31, 2024(Prov.) from 12 percent as on March 31, 2023 owing to slight reduction in material costs.

#### **Weaknesses**

##### **Average financial risk profile**

The financial risk profile of the company is marked by modest networth, moderate gearing and comfortable debt protection metrics. The tangible networth stood at Rs. 30.16 Cr. as on March 31, 2024(Prov.) as compared to Rs. 26.94 Cr. as on March 31, 2023 on account of accretion to reserves. Gearing ratio stood at 2.02 times as on March 31, 2024 (Prov.) as compared to 1.96 times as on March 31, 2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood high at 3.35 times as on March 31, 2024 (Prov.) as against 3.24 times as on March 31, 2023. However, the debt coverage indicators, Interest coverage ratio stood at 2.99 times as on March 31, 2024 (Prov.) and Debt service coverage ratio at 1.68 times as on March 31, 2024(Prov.), albeit a decline from previous year levels of 3.31 times and 1.82 times respectively in FY 2023. Net cash accruals to total debt (NCA/TD) stood at 0.16 times as on March 31, 2024 (Prov.) as compared to 0.19 as on March 31, 2023. Acuité believes that going forward the financial risk profile of the company will remain average in absence of major debt funded capex plans and steady accretion to reserves.

##### **Intensive Working Capital Cycle**

The working capital cycle of the company is intensive marked by Gross Current Assets (GCA) of 229 days as on March 31, 2024(Prov.) as against 173 days as on March 31, 2023. Inventory days stood at 163 days as on March 31, 2024 (Prov.) as compared to 127 days as on 31st March 2023. This has been due to high finished good inventory levels owing to changing fashion trends which had subdued demand. The debtor days stood at 25 days as on March 31, 2024 (Prov.) as against 14 days as on March 31, 2023. Acuité believes that going forward, the working capital management of the company will remain around similar levels over the medium term owing to the high inventory requirement due to the nature of the business.

##### **Rating Sensitivities**

Not Applicable

##### **Liquidity Position**

###### **Stretched**

The liquidity is stretched marked by steady net cash accruals of Rs. 9.79 Cr. in FY 2024(Prov.) as against long term debt repayment of Rs. 3.35 Cr. over the same period. The cash and bank balances stood at Rs. 0.79 Cr. in FY 2024(Prov.) as compared to Rs. 1.01 Cr. in FY 2023. The current ratio stood at 1.12 times in FY 2024(Prov.) as compared to 0.99 times in FY 2023. Moreover, the fund-based limit was utilized at more than 98 percent ended 12 months FY 2024. Acuité believes that going forward the liquidity position of the company will continue to remain stretched due to elongated working capital cycle, albeit steady accruals in the absence of any major debt funded capex plans.

##### **Outlook: Not Applicable**

##### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	123.24	125.98
PAT	Rs. Cr.	2.61	2.51
PAT Margin	(%)	2.12	1.99
Total Debt/Tangible Net Worth	Times	2.02	1.96
PBDIT/Interest	Times	2.99	3.31

### 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>
- 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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
26 Sep 2024	Letter of Credit	Short Term	5.00	ACUITE A4+ (Downgraded from ACUITE A3)
	Letter of Credit	Short Term	2.00	ACUITE A4+ (Downgraded from ACUITE A3)
	Term Loan	Long Term	6.20	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	Cash Credit	Long Term	2.00	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	PC/PCFC	Long Term	16.00	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	Term Loan	Long Term	0.99	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	PC/PCFC	Long Term	11.85	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	Stand By Line of Credit	Long Term	2.00	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	Covid Emergency Line.	Long Term	3.50	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	Proposed Long Term Bank Facility	Long Term	4.67	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
29 Jun 2023	Letter of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	2.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	6.20	ACUITE BBB-   Negative (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BBB-   Negative (Reaffirmed)
	PC/PCFC	Long Term	16.00	ACUITE BBB-   Negative (Reaffirmed)
	Term Loan	Long Term	0.99	ACUITE BBB-   Negative (Reaffirmed)
	PC/PCFC	Long Term	11.85	ACUITE BBB-   Negative (Reaffirmed)
	Stand By Line of Credit	Long Term	2.00	ACUITE BBB-   Negative (Reaffirmed)
	Covid Emergency Line.	Long Term	4.67	ACUITE BBB-   Negative (Reaffirmed)
	Covid Emergency Line.	Long Term	3.50	ACUITE BBB-   Negative (Reaffirmed)
07 Apr 2022	Letter of Credit	Short Term	5.00	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	3.00	ACUITE A3 (Assigned)
	Term Loan	Long Term	6.20	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BBB-   Stable (Assigned)
	Covid Emergency Line.	Long Term	3.50	ACUITE BBB-   Stable (Assigned)
	PC/PCFC	Long Term	14.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	1.31	ACUITE BBB-   Stable (Assigned)
	Covid Emergency Line.	Long Term	5.06	ACUITE BBB-   Stable (Assigned)
	PC/PCFC	Long Term	11.85	ACUITE BBB-   Stable (Assigned)

	Stand By Line of Credit	Long Term	2.00	ACUITE BBB-   Stable (Assigned)
	Covid Emergency Line.	Long Term	0.29	ACUITE BBB-   Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Axis Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2024	3.50	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4+   Reaffirmed & Withdrawn
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A4+   Reaffirmed & Withdrawn
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.85	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Axis Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.00	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.67	Simple	Not Applicable Withdrawn
State Bank of India	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Axis Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2026	6.20	Simple	ACUITE BB+   Reaffirmed & Withdrawn
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	0.99	Simple	ACUITE BB+   Reaffirmed & Withdrawn

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