Amon Ra Impex Private Limited

February 18, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Long Term Bank Facilities	0.50	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE B; Stable (Single B; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	5.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Facilities	5.50 (Rs. Five Crore and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Amon-Ra Impex Private Limited to monitor the rating(s) vide e-mail communications/ letters dated November 23, 2020, November 25, 2020, February 2, 2021, February 4, 2021and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on ARIPL's bank facilities will now be denoted as **CARE B-; Stable/ CARE A4 ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in long term rating factors in non-cooperation by Amon Ra Impex Private Limited and CARE's efforts to undertake a review of the ratings outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers

At the time of last rating on April 28, 2020, the following were the rating strengths and weaknesses:

Detailed description of Key rating drivers

Key rating Weakness

Very small with significant decline in scale of operations: The total operating income has significantly decreased by 19.11% and stood at Rs.6.90 crore in FY19 from Rs.8.53 crore in FY18 due to less number of orders executed during the year. Moreover, the tangible networth base has also remained very low at Rs.2.55 crore as on March 31, 2019 which limits the financial flexibility of the company to an extent.

Operating and net losses occurred during FY18 and FY19: The profitability of ARIPL has historically been on the lower side due to trading nature of the business. However, the company has posted operating loss of Rs.0.14 crore during FY19 vis-à-vis Rs.0.01 crore during FY18. Moreover, the company has incurred net loss of Rs.0.24 crore in FY19 vis-à-vis Rs.0.12 crore in FY18. Owing to the same, the debt coverage indicators stood at adverse levels.

Working capital intensive operations: The operating cycle of ARIPL has elongated in FY19 and stood at 174 days (vis-à-vis 145 days in FY18) primarily on account of funds being blocked in inventory and receivables. The collection period has elongated from 40 days in FY18 to 63 days in FY19 to due to liberal credit period offered to its customers to maintain its long standing relationship. The company normally maintains high level of inventory. As against the same, creditor's period stood moderate and the same has elongated to 55 days in FY19 from 46 days in FY18 due to elongated gross collection period during the year. Furthermore, the business operations are mainly funded through letter of credit for imports purchases.

Susceptibility of profitability margins to volatile material prices and foreign exchange rate fluctuation: ARIPL's traded material viz. Polyvinyl chloride (PVC) tiles which are linked to crude oil and the price it remained fluctuating in nature. Therefore, the cost base remains exposed to any adverse price fluctuations of key raw material. Further, the company imports 100% of its traded goods from Hanwa based in Korea as against the sales of the ARIPL's are entirely from the domestic market thereby resulting in no natural hedge being available and no active hedging practices are adopted by the

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

**Issuer did not cooperate; Based on best available information*

entity to mitigate foreign exchange fluctuation risk. This exposes the entity to risk of foreign exchange fluctuations affecting its profitability.

Highly competitive and fragmented industry along with its dependence on real estate sector: ARIPL operates in a highly competitive and fragmented market which consists of large to small size players. This competitive and fragmented nature of the industry can have an impact on the profitability margin of the firm. The business of the company is highly dependent on real estate sector. Therefore, any change in outlook of the sector will in-turn impact the scale of operations of ARIPL.

Key rating Strengths

Experienced promoters and long track record of operations: ARIPL was established in 1995 and has a track record of more than two decade of experience in tiling and flooring industry. The main promoters of the company i.e. Mr. Ashok Rajgor and Mrs. Kalpana Shah hold an experience of more than two decade each in this industry through their association with ARIPL. On account of long track record of operations and experience of the promoters, the company has gained reputation and has established good relationships with its customers & suppliers.

Exclusive dealership agreement: The Company is an exclusive distributor of various PVC tiles & flooring product lines manufactured by Hanwha (among fortune 500 list) across India thereby offering competitive edge due to unique advantages from the aspect of technical details and appearance.

Comfortable capital structure: The capital structure of the company stood comfortable marked by overall gearing of 0.78x as on March 31, 2019 on account of low reliance on external borrowings. During FY19, the capital structure of the ARIPL has marginally improved due to lower debt as on balance sheet date.

Analytical Approach: Standalone

Applicable criteria

Policy in respect of Non-cooperation by issuer
CARE's Policy on Default Recognition
Criteria on assigning outlook and credit watch to Credit Ratings
Rating Methodology - Wholesale Trading
Criteria for Short Term Instruments
Financial ratios – Non-Financial Sector

About the company

Amon-Ra Impex Private Limited (ARIPL) was incorporated in 1995 and is currently managed by Mr. Ashok Rajgor and Mrs. Kalpana Shah. The company is engaged in trading of polyvinyl chloride tiles & floorings to various dealers and distributors across Maharashtra. The company is an exclusive distributor of various PVC tiles & flooring product lines manufactured by Hanwha based in Korea (among fortune 500 list) across India. The company has leased two warehousing facilities located at Bhiwandi, Thane for the storage of traded materials.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	8.53	6.90
PBILDT	-0.01	-0.14
PAT	-0.12	-0.24
Overall gearing (times)	0.83	0.78
Interest coverage (times)	NEG	NEG

A: Audited; NEG: Negative

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	0.50	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	5.00	CARE A4; ISSUER NOT COOPERATING*

**Issuer did not cooperate; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	0.50	CARE B-; Stable; ISSUER NOT COOPERATING*	1)CARE B; Stable (04-May-20)	1)CARE B; Stable (14-May-19) 2)CARE B+; Stable; ISSUER NOT COOPERATING* (03-Apr-19)	1)CARE B+; Stable (02-Apr-18)	-
2.	Non-fund-based - ST-Letter of credit	ST	5.00	CARE A4; ISSUER NOT COOPERATING*	1)CARE A4 (04-May-20)	1)CARE A4 (14-May-19) 2)CARE A4; ISSUER NOT COOPERATING* (03-Apr-19)	1)CARE A4 (02-Apr-18)	-

**Issuer did not cooperate; Based on best available information*

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-Letter of credit	Simple

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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About CARE Ratings:
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