



Press Release

Arjan Impex Private Limited

August 9, 2024

Ratings:

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	0.40	IVR BB+ /Stable; (IVR Double B Plus With Stable Outlook)	IVR BB/Negative/ INC (IVR Double B with Negative Outlook; ISSUER NOT COOPERATING)	Upgraded and Removed from ISSUER NOT COOPERATING category and withdrawn	Simple
Short Term Bank Facilities	28.00	IVR A4+ (IVR A Four Plus)	IVR A4;INC (IVR A Four; ISSUER NOT COOPERATING)	Upgraded and Removed from ISSUER NOT COOPERATING category and withdrawn	Simple
Total	28.40	Rupees Twenty-Eight Crores and Forty Lakhs only			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has upgraded the long-term and short-term rating to IVR BB+ with a Stable outlook and IVR A4+ and removed from ISSUER NOT COOPERATING category and simultaneously withdrawn the rating assigned to bank loan facilities of Arjan Impex Private Limited (AIPL) with immediate effect. The ratings have been withdrawn at the request of the company vide email dated 12th July 2024. IVR has received "No objection certificate" and "Closure certificate" from all the bankers who have extended the facilities, and which have been rated by Infomerics.

The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.



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IVR has principally relied on the standalone audited financial results of AIPL up to 31 March 2023, and FY2024 (refers to period April 1st, 2023, to March 31, 2024) provisional unaudited results, projected financials for FY2025, FY2026 and FY2027, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities: Nil

List of Key Rating Driver with Detailed Description

Key Rating Strengths

- **Experienced promoters in the pet and hotel ware industry:**

The promoters have long standing experience in the niche business of manufacturing and selling pet ware and hotel ware products. Extensive experience of the promoters has helped to establish a healthy relationship with customers and suppliers. The Company is likely to benefit from the promoter's extensive experience over the medium term.

- **Diversified product profile**

Arjan has a diversified product profile covering a wide range of products such as pet feeders, bedding and apparel for pets, gastronomy pans, barware, kitchenware etc. While pet ware contributed 38.07% to the company's revenue in FY2024 (Provisional), soft goods, kitchenware/hotel ware contributed 25.94% and 34.99% respectively and pet food contributes to 1%. The Company is likely to benefit from its diversified product profile over the medium term.

- **Reputed clientele**

Arjan Impex Private Ltd derives ~ 94.27 per cent of its revenue from exports to USA and European market. The company's clients include reputed companies, pet specialty stores, mass departmental stores, mail orders companies, leading importers, and private labels.



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Key Rating Weaknesses

- **Working capital intensive operations:**

The operation of the company is working capital intensive as AIPL needs to hold a sizable inventory to respond to customer demand effectively. Further, the company extends credit period of about 60 to 90 days to its customers which also increases its working capital requirements. The operating cycle of the company stood at over 120 days in the past two years ended FY2023 and FY2024.

- **Moderate capital structure:**

The capital structure stood moderate marked by the overall gearing of 1.89x in FY2024 (Provisional) as compared to 1.47x in FY2023. The TOL/TNW ratio of 2.57x (from 2.03x in FY23) as on March 31, 2024.

Analytical Approach: For arriving at the ratings, IVR has analysed AIPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Guidelines on what constitutes Non-Cooperations by clients](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy of Withdrawal of Rating](#)

Liquidity – Adequate

The company has an adequate liquidity position. The company is expected to generate gross cash accruals of ~Rs. 22.91 crore to ~Rs.40.94 crore as against its debt repayment obligations of ~Rs. 8.39 crore to ~Rs. 13.64 crore in the period FY2025-FY2027. Cash balances of the company is expected to be within range of ~Rs.1.52 crore to Rs. 2.02 crore in the projected years.



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About the Company

AIPL was incorporated in 1996. The New Delhi-based company operates in the pet ware and hotel ware segments and manufactures stainless steel utensils, soft products, food for pets and gastronome pans (chafing dishes). Mr. RS Kohli is the promoter, and operations are managed by Mr. Inderjeev Singh Kohli.

Financials: Standalone

(Rs. Crore)

For the year ended*	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	243.43	231.36
EBITDA	19.12	21.76
PAT	11.82	11.30
Total Debt	88.33	118.50
Tangible Net Worth	60.06	62.75
EBITDA Margin (%)	7.85	9.41
PAT Margin (%)	4.73	4.79
Overall Gearing Ratio (x)	1.47	1.89
Interest Coverage Ratio (x)	2.38	2.53

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA – None

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (November 29 th , 2023)	Date(s) & Rating(s) assigned in 2022-2023 (October 19 th , 2022)	Date(s) & Rating(s) assigned in 2021-22 (August 11, 2021)
1.	Term Loan	Long Term	0.40	IVR BB+/Stable	IVR BB/ Negative; INC	IVR BB+; INC	IVR BBB-/ Stable



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2.	EPC/PCFC	Short Term	28.00	IVR A4+	IVR A4/Negative; INC	IVR A4+; INC	IVR A3
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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank



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facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	0.04	IVR BB+/ Stable Withdrawn
EPC/PCFC	-	-	-	28.00	IVR A4+ Withdrawn

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details: <https://www.infomerics.com/admin/prfiles/len-Arjan-Impex-aug24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.