

Rating Rationale

Brickwork Ratings assigns ‘BWR BB’ & ‘BWR A4’ for the Bank Loan Facilities aggregating to ₹ 13.35 Cr of ASA Agrotech Private Limited.

Brickwork Ratings assigns following **Ratings**¹ for the bank loan facilities of ASA Agrotech Private Limited.

| Fund Based Facility | Limit (₹ Cr) | Tenure | Rating |
|---------------------|--------------|---|--|
| Cash Credit | 1.00 | Long Term | BWR BB (Pronounced BWR BB) Outlook : Stable |
| Term Loan | 0.35 | | |
| Packing Credit | 12.00 | Short Term | BWR A4 (Pronounced BWR A Four) |
| Total | 13.35 | INR Thirteen Crores and Thirty Five Lakhs only | |

BWR has essentially relied upon audited financial results up to FY14, projections financial for FY15 and FY16, publicly available information and information provided by the management.

The rating, inter alia, factors Promoter’s experience in the Niger seeds processing and trading business coupled with its growing demand year on year, the Company being one of few supplier of Niger seeds in the World and efficient operating cycle in FY 14. However, the rating is constrained by its low bargaining power from international customers, exposure to Forex risk, fluctuating product yield and low profitability resulting in negligible cash accruals from operations.

Also, BWR has considered the growing Niger Seed business on account of approval accorded to ASA Agrotech Private Limited from Department of Agriculture & Ministry- USA and revenue of ~₹28 crs achieved till November 2014 (FY15) with orders on hand to be executed by March 2015

Background:

ASA Agrotech Private Limited is a private limited company incorporated in the year 2010. The company is located in Gandhibagh, Nagpur. The company is into processing, cleaning, sterilization, packing of Niger seeds and exports the seeds to the USA, Canada and Europe.

The Company is recognized and has approval from USDA (Department of Agriculture, Ministry of USA) and NPPO (National Plant Protection Organisation). Niger seed is an oilseed crop which is used in foods, paints, soap making and it is considered a high value crop for the Bird’s feed.

The Company’s associate concern, M/S Ajanta Hardwares is a distributor of paints and cement with Mr. Prem Laxminarayan Grover and Mr. Punit Laxminarayan Grover are also partners in the firm.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financials:

ASA Agrotech Private Limited company's net revenue from operations have improved by 33% in FY14 to ₹ 62.53 (₹ 46.71 Crores in FY13). In FY14, the Company reported a net profit after tax of ₹ 0.58 Crs. The Company's net worth stood at ₹ 7.11 Crs as on March 31, 2014.

Rating Outlook:

ASA Agrotech Private Limited Company's performance over the next year is expected to be stable. Going forward, the company's ability to achieve projected revenue, improve profitability and thereby cash accruals will be the key rating sensitivities.

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