



Rating Rationale

ASN Agri Genetics Pvt. Ltd.

1 July 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs.17 Crores of ASN Agri Genetics Pvt. Ltd..

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund Based	17.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable
Total	17.00	Rupees Seventeen crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of bank loan facility is provided in Annexure-1

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally taken into consideration the audited Financial results from FY16 to FY18, Provisional financial results of FY19, publicly available information, clarifications provided by the company's management.

The rating is derived from Moderate Liquidity, Management experience, Moderate ISCR, Healthy outlook of seeds market. The rating is however constrained by Low Net worth, Low level of DSCR, High Gross current assets, Business Risk, Long operating cycle, Stretched Gearing.

Going forward, the ability of the Entity to accelerate & execute its project timely, increase its profit margins, Compliance of Bank's sanction terms, efficiently manage its working capital and cash flows for timely servicing of interest/debt obligations and strengthening of overall financial risk profile shall be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- ISCR is at moderate level of 1.77x in FY18, though declined in comparison to FY17 of 2.55x.
- Liquidity is at moderate level with increase in current ratio of 1.26x in FY18 from 1.22x in FY17.
- The Management has the experience of more than 4 decades in this area of operations.

Credit Risks:

- Low Tangible net worth though moderately increased to 7.09 crs in FY18 from 6.73crs in FY17.

- Low profitability margins though there is increase in Operating profit margins at 6.95% in FY18 from 6.40% in FY17.
- Gross current assets(GCA) is almost 83.85 % of the sales in the current year FY18, it is working capital stressed.
- Higher dependency on raw material (seeds) which has a seasonal Nature of business makes it vulnerable to any climatic changes, monsoon.
- The debt/ equity ratio of the Firm has decreased from 2.46 times to 2.29 times.
- The firm is based out and mainly operates in Madhya Pradesh , Maharashtra , Telangana this makes it vulnerable to any administrative, political, economical, legal changes in these states.
- Stretched cash conversion cycles.

Liquidity Profile- The average CC utilization for the last 6 months stands at 85.22 %. The cash and cash equivalents stand at Rs 0.58 Cr in FY18. The current ratio stands at 1.26x in FY18.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **ASN Agri Genetics Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

ASN Agri Genetic Pvt Ltd was incorporated on 2nd May 1995. ASN Agri Genetic Pvt Ltd is a processors, suppliers of a comprehensive plethora of Soybean, Wheat and Agro Seeds. The Company operates only in Madhya Pradesh, Maharashtra, Telangana. The Company is managed by Mangilal Patidar and Radheshyam Patidar, they have a relevant experience of 40 and 30 years respectively in food processing industry which has helped the company to build long term relationship with its customers and suppliers.

Company Financial Performance

In FY18, the Company reported total operating revenue of Rs.28.86 Crs and PAT of Rs.0.36 Crs as against total operating revenue of Rs.34.76 Crs and PAT of Rs.0.54 Crs in FY17.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	28.86	34.76
EBITDA	₹ Cr	2.01	2.22
PAT	₹ Cr	0.36	0.54
Tangible Net worth	₹ Cr	7.09	6.73
Total Debt/Tangible Net worth	Times	2.29	2.46
Current Ratio	Times	1.26	1.22

Rating History for the last three years

S.No	Facility Type	Current Rating (2019)			Rating History		
		Tenure	Amount (₹ Crs)	Rating	2018	2017	2016
1 2 3	Fund Based TL (WCDL) Cash Credit (CC) Others-CC Pledge	Long Term	17.00	BWR B+ (Pronounced as BWR Single B Plus) (Outlook:Stable)	-	-	-
	Total		17.00	Rupees Seventeen Crores Only			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Approach to Financial Ratios](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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Annexure- 1 (Bank Facility Details)

Bank Name	Facility Name	Tenure	Amount Rated (Rs in Crs)
The Federal Bank	TL (WCDL)	Fund Based- Long Term	4.00
	Cash Credit	Fund Based- Long Term	11.00
	CC Pledge	Fund Based- Long Term	2.00
Total			17.00