

Rating Rationale

Brickwork Ratings assigns 'BWR B' for the Bank Loan Facilities of ₹ 5.78 Cr of Accutech Agro Pvt. Ltd

Brickwork Ratings assigns the following **Rating¹** for the Bank Loan facilities of Accutech Agro Pvt. Ltd (**Accutech Agro Pvt. Ltd or the 'Company'**):

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit	3.00	Long Term	BWR B (Pronounced as BWR Single B) Outlook: Stable
Term Loan *	2.78		
Total	5.78	INR Five Crores and Seventy Eight Lakhs Only	

*Outstanding amount

BWR has essentially relied upon the company's audited financial results upto FY15, provisional financials of FY 16, publicly available information and the information/clarifications provided by the company.

The ratings draws strength from the extensive experience of the promoter in the farming industry, professional management team, marketing tie-up with fertilizer companies and the healthy growth prospects of the industry. However, the rating is constrained by the limited track record of the company, high customer concentration risk and price of fertilizers and challenges of operating in a highly regulated fertilizer industry.

Background

Accutech Agro Pvt Ltd was incorporated in 2013 as a private limited company and its registered office situated at Bangalore, Karnataka. The company is engaged in the mixing and marketing of various ranges of Granulated fertilizers (NPK complex mixtures), Soil Conditioners and Plant Nutrients and Growth Boosters through wholesale and retail.

The commercial operations of the company commenced from August 2014. The company has mixing units at Devangere, Karnataka, producing several standard mixtures and distributes them to farmers through its marketing network. The company has installed capacity to mixing & Granulation of NPK fertilizers, soil conditioners and plant nutrients is 10 tons per hour.

The Directors of the company are Mr. M. J. Prasad and Mr. Siddesh K.O. Day to day activities are looked after by the directors, who are having good experience in the same line of business.

Financial Performance

During FY15, company's net revenue was Rs. 7.83 Crores and PAT was Rs. -1.07 Crores. The Operating profit margins and Net profit margins were -1.14 % and -13.68 % respectively. Tangible net worth stood at Rs 1.60 Crs as on March 31, 2015.

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

As per the Provisional Financial of FY16, the company has achieved total turnover of Rs. 17.73 Crs and PAT of Rs. 0.65 Crs.

Rating Outlook

The outlook is expected to be stable over the next one year. Going forward, ability of the company to sustain in a competitive environment, improve its profitability, maintain its capital structure and manage its working capital efficiently would remain the key sensitivity.

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