



Rating Rationale

Agnivesh Enterprise

27th December 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 20.00 Crs of Agnivesh Enterprise.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based	5.00	Long Term	BWR B (Pronounced BWR Single B) (Outlook: Stable) Assigns
Cash Credit	5.00		
Non Fund Based	15.00	Short Term	BWR A4 (Pronounced BWR A Four)
Import LC	15.00		
Total	20.00	(INR Twenty Crores Only)	

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials of Agnivesh Enterprise of FY17, projected financials up to FY19, publicly available information and information/clarifications provided by the Company.

The rating assignment takes comfort from the support of the family related companies who are in the similar business of import and trading in iron & steel scrap.



The rating is however constrained by low scale of operations, thin profitability, below average financial risk as well as a customer concentration risk.

Credit Rating Drivers

The group has an extensive experience in the business of import and trading of iron and steel scrap.

The company has recorded a total operating income of Rs.64.92 Crs in FY17, the first year of operations. Profitability is low with NPM at 0.20% and OPM at 1.53%.

Almost the entire tangible net worth is blocked in agricultural land. Current asset build up is through unsecured loans of Rs.4.40 Crs, trade payables and bank borrowings. Current assets comprise majorly of advances to suppliers/other loans and advances, mainly to related entities, with a negligible inventory and book debts.

The company's customer base is too concentrated, with two clients accounting for about 90% of the revenues due to dealership nature of business.

Analytical Approach

Ratings have been based on the undernoted hyperlinked rating criteria.

Rating Outlook: Stable

BWR believes the Agnivesh Enterprise's 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

Agnivesh Enterprise was incorporated in 2016 as a proprietary unit of Mr. Agnivesh. C. Aiyachi for import and trading of iron and steel scrap and TMT bars. The company is located at Plot No.21, Ward 12B, Gandhidham, Gujarat.

Company Financial Performance

The company has recorded a total operating income of Rs.64.92 Crs and a net profit of Rs.0.13 Crs in FY17, the first year of operation

Key Financials Indicators

Result Type	31-Mar-16	31-Mar-17
Operating Income	N.A	64.92
EBIDTA	N.A	0.99
PAT	N.A	0.13
Tangible Net Worth	N.A	44.28
Total outside liabilities: Tangible net worth	N.A	0.53

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
	Fund Based	Long Term	5.00	BWR B (Outlook: Stable) Assigns	NA	NA	NA
	Non Fund Based	Short Term	15.00	BWR A4			
	Total Limits		Rs. 20.00 Crores (Rupee Twenty Crores Only)				



Status of Non Cooperation with other CRA (if applicable): Not Applicable

Hyperlink/Reference to Applicable Criteria

[General Criteria](#)

[Approach to Financial Ratios](#)

[Short Term Debt](#)

[Trading Entities](#)

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



DISCLAIMER

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