



Rating Rationale

Agrownation India Ventures Pvt Ltd (Formerly Prayag Cereals Pvt Ltd)

02 April, 2018

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of ₹ 16.64 Crores of Agrownation India Ventures Pvt Ltd (Formerly Prayag Cereals Pvt Ltd).

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2017)	Present
Fund based	18.44	16.64	Long Term	BWR B (Pronounced as BWR Single B) Outlook: Stable	Upgraded to BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Total	18.44	16.64	INR Sixteen Crores and Sixty Four Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results up to FY17, projected financials of **Agrownation India Ventures Pvt Ltd (Formerly Prayag Cereals Pvt Ltd)** up to FY20, publicly available information and information/ clarifications provided by the company's management.

The rating draws strength from the extensive experience of the directors in processing paddy, moderate tangible net worth (analysed), satisfactory first year performance of the company and availability of abundant paddy in the nearby areas. The rating is however constrained by limited track record of the company, stretched capital structure, modest scale of operations and low profitability margins.



Going forward, the ability of the company to improve its revenues, profitability margins and manage its working capital efficiently would remain the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced Promoters:** Mr. Ram Kumar Rathi and Mr. Ankit Rathi are the two promoters of the company. It is a family managed business and both of the promoters are well qualified and experienced in the industry. Mr. Ram Kumar Rathi is the promoter of the company since, incorporation and has above 3 decades of industry experience.
- **Satisfactory first year of operations:** The company has started its commercial production from 25 July, 2016 onwards. As per audited financials of FY17, the company has achieved a revenue of 44.71 Crs in its first 8 months of operations.
- **Availability of abundant of paddy:** The company has operating in a rice growing area where there is abundant availability of raw material (Paddy) .

Credit Risks:

- **Limited track record of the company:** The company has started its commercial operations from July, 2016. Hence, the company has limited track record.
- **High competition due to availability of many players in the market:** The company is operating in an industry where it is facing intense competition from organised as well as unorganised players in the market.

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 **Agrownation India Ventures Pvt Ltd (Formerly Prayag Cereals 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

Agrownation India Ventures Pvt Ltd (Erstwhile Prayag Cereals Pvt Ltd) is a newly established company



which was incorporated on 23rd May 2014 in Bhopal, Madhya Pradesh. Mr. Ram Kumar Rathi and Mr. Ankit Rathi are the two promoters of the company. The company is engaged in processing of Paddy with an installed capacity of 10 TPH. The company has started its full fledged operations from July, 2016. The company sells its product (Basmati rice) under the brand name of “Happy Farm” in 10 & 25 Kgs Bags.

Company Financial Performance

The company has achieved net revenue of Rs. 44.71 Crs in its first year of operation (For a period of July, 2016 to March, 2017).

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	March, 2017	2016	Aug, 2015
1.	Fund Based	Long Term	16.64	Upgraded to BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR B (Pronounced as BWR Single B) Outlook: Stable	N.A	BWR B (Pronounced as BWR Single B) Outlook: Stable
Total			16.64	INR Sixteen Crores and Sixty Four Lakhs Only			

Note: Rating amount for March 2017 Rating amount was Rs. 18.44 Crs and for August 2015 Rating amount was Rs. 19.80 Crs.

Status of non-cooperation with previous CRA (if applicable)- None

Any other information: None

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Crores	44.72	-
EBITDA	Crores	5.14	-

PAT	Crores	0.46	-
Tangible Net worth	Crores	6.46	6.00
Total Debt/Tangible Net worth	Times	7.58	3.89
Current Ratio	Times	1.16	0.97

Hyperlink/Reference to applicable Criteria

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

Analytical Contacts	Media
<i>Vipula Sharma</i> <i>Deputy General Manager -Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

Annexure-I Details of Bank Facilities

				₹ Crores
Name of the Bank	Name of Facility	Tenure	Previous Limits (March, 2017)	Present Limits
Bank of Baroda	Term Loan (Fund Based)	Long Term	8.94	7.14
	Cash Credit (Fund Based)	Long Term	9.50	9.50
	Letter of Credit# (Non-Fund Based)	Long Term	(4.00)	-
Total			18.44	16.64



Letter of Credit was the sublimit of term loan.

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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.