



## Rating Rationale

Asharfi Gramodyog Sansthan Chharra (Allgarh)

14 Dec 2018

Brickwork Ratings assigns the rating for the Bank Loan Facilities of ₹. 1.00 Crores of Asharfi Gramodyog Sansthan Chharra (Aligarh).

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Cash Credit- Existing Cash Credit- Proposed	0.40 0.60	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
<b>Total</b>	<b>1</b>	<b>INR One Crore Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the Firm upto FY18, publicly available information and information/clarifications provided by the management.

The rating draws strength from the extensive experience of management and above average debt protection metrics. The rating, however, is constrained by small scale of receipts, low liquidity position and inherent risk associated with government policies.

### Description of Key Rating Drivers

#### Credit Strengths:

**Extensive experience of management:** The society is managed by president Mr. Hari Kishan, secretary Mr. Asharfi Lal and nine other members. Their extensive experience in the concerned field has helped them in running the operations efficiently.

**Above average debt protection metrics:** The society has above average debt protection metrics with an ISCR of 8.65 times in FY18.

**Credit Risks:**

**Small scale of receipts:** The net receipts of the society has increased from Rs. 5.38 Cr. in FY17 to Rs. 6.17 Cr. Since the society is engaged in diversified services i.e. mid day meals, old age homes and schools, the amount of grants received are low.

**Low liquidity position:** The liquidity position of the society is low as marked by current ratio of 0.94 times and net cash accruals of Rs. 0.34 Cr. only.

**Inherent risk associated with government policies:** Indian Government, at all levels, announces Welfare Schemes for a cross section of the society from time to time. These schemes could be either Central, State specific or a joint collaboration between the Centre and the States. The operations of these not-for-profit organisations are vulnerable to change in government policies and regulations.

**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 **Asharfi Gramodyog Sansthan Chharra (Allgarh)** 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 Society**

Asharfi Gramodyog Sansthan Chharra (Aligarh) is a not-for-profit society, registered in 1993 under Article 21 of Societies Registration Act 1860, managed by president Mr. Hari Kishan, secretary Mr. Asharfi Lal and nine other members. The society supplies mid day meals to schools and, operates old age homes under various government mandate schemes in Uttar Pradesh.

**Society's Financial Performance**

The Total Operating Receipts of the society has increased from Rs. 5.38 Cr. in FY17 to Rs. 6.17 Cr. in FY18. Surplus also increased from Rs. 0.06 Cr. in FY17 to Rs. 0.22 Cr. in FY18. The corpus funds stood at Rs. 0.58 Cr. in FY18. Further, the society has low liquidity position marked by current ratio of 0.91 times in FY18. The debt protection metrics is good with a ISCR of 8.65 times in FY18.

**Key Financial Indicators**

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Total Operating Receipts	₹ Cr	6.16	5.38
SBITDA	₹ Cr	0.36	0.17
Surplus	₹ Cr	0.22	0.06
Corpus Fund	₹ Cr	0.58	0.42
Total Debt/Corpus Funds	Times	0.36	0.93
Current Ratio	Times	0.94	0.98

**Rating History for the last three years**

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund based Cash Credit- Existing Cash Credit- Proposed	Long Term	0.40 0.60	<b>BWR B+</b> <b>(Pronounced as BWR Single B Plus)</b> Outlook: Stable	N/A		
	<b>Total</b>		<b>1</b>	<b>₹ One Crore Only</b>			

Status of non-cooperation with previous CRA (if applicable)-CRISIL B+ Issuer Non-Cooperation (Oct 2017)

Hyperlink/Reference to applicable Criteria

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



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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.

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