



Rating Rationale

Atul Traders

25 Jun 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 15.00 Crores of Atul Traders.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based CC-WHR	15.00	Long Term	BWR B (Pronounced as BWR Single B) (Outlook:Stable)
Total	15.00	INR Fifteen 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 financial statement upto FY17, FY18 Provisional upto FY18, and Projections financials upto FY20 and publicly available information and information/clarifications provided by the Concern.

The ratings draw comforts from experience of the proprietor in grain trading business, relations with customers and suppliers. However the assigned rating is primarily constrained by low networth, high gearing, Low debt coverage indicator, Inherent risk being constitution of the firm, seasonal risk being agri commodity and working capital intensive nature of operations.

Description of Key Rating Drivers

Credit Strengths:

- Experience of the proprietor is more than 3 decades in trading business
- Relationship with customers & suppliers is more than 5 years.
- Improved net profit and operating profit margin from 0.61% and 5.43% respectively in FY17 to 0.74% and 9.33% respectively in FY18 on provisional basis.
- Sale declined in FY-17, but increased in FY18 (PROV).



Credit Risks:

- High Gearing ratio(Total debt/ TNW) , stood at 9.57 time in FY17.
- Low Debt service reported at 0.84 times in FY17 due to increased profitability.
- Low Interest service coverage reported 1.16 times in FY17.
- Inherent risk being constitution of the firm,
- Seasonal risk being agri commodity and working capital intensive nature of operations..

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 **Atul Traders** 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 Concern

Atul Traders is a Proprietorship concern located at Dabra,Gwalior.The concern is about 30 years old.Mr. Hariom Sharma is the proprietor of the concern.Atul traders is managed by Mr. Hariom Sharma and his family members.The proprietor is promoter & director in a group company.Atul Traders has a group company .The name of the group company is Jai Shiv Food Products Private Limited .It is involved in Manufacturing - Food Stuffs Activity.Net worth Rs.5.5 Crs.in FY17 in the group company.The concern is engaged in trading business of Rice, wheat, pulses and other cereals.The total number of employees working are around 5-6 employees.The concern procures paddy,wheat,pulses and other cereals from local market i.e.Dabra.The concern sells in the local area only .It has a Capacity of 8 tons per hour for Paddy and 200000 bags per hour.

Concern Financial Performance

As per the Audited financials of FY17,concern has reported a decreased income of Rs.14.71Crs in FY17 from Rs.21.17Crs in FY16 and PAT is reduced to Rs.0.09Crs in FY17 as compared to Rs.0.21Crs. in FY16.As per the provisional financials provided by the Atul traders as on 31.3.2018, revenue is Rs.22.83 Crs.



Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	15.00	BWR B (Pronounced as BWR Single B) (Outlook:Stable)	-	-	-
	Total		15.00	₹ Fifteen Crores Only			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments:Not Applicable
Any other information:Not Applicable

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	14.78	21.19
EBITDA	₹ Cr	0.80	0.57
PAT	₹ Cr	0.09	0.21
Tangible Net worth	₹ Cr	1.29	0.96
Total Debt/Tangible Net worth	Times	9.57	6.15
Current Ratio	Times	1.09	0.91

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website



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

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.