



## Rating Rationale

Atulya Agro Industries

02May2019

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**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 5.29 Crores of Atulya Agro Industries.**

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### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based</b>			
Term Loan	4.29	<b>Long Term</b>	<b>BWR B (Pronounced as BWR Single B) Outlook: Stable</b>
Cash Credit Limit	1.00		
<b>Total</b>	<b>Rs 5.29 Crores (INR Five Crores Twenty Nine Lakhs Rupees Only)</b>		

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

### Rating Assigned:

BWR has assigned Long Term Rating of BWR B (*Outlook: Stable*) for the bank loan facilities for Atulya Agro Industries . ( ‘the firm’)

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

BWR has essentially relied upon the Company’s audited financial results upto FY18, Projected Financials upto FY21, and publicly available information and information/clarifications provided by the firm’s management.

The rating draws strength from the Extensive experience of the Promoters in Agro Industry, and Comfortable Debt Service Indicators. However, the rating is constrained by Limited Track of Operations, High gearing level and Customer Concentration Risk . Going forward, the ability of the Company to achieve its Projections as the firm started its operations from November 18 & FY20 will be the first full year of operations, Improve its gearing level, and customer concentration risk as the firm only deal with single customer Patanjali Gram Udyog would be the key rating sensitivities.

#### Description of Key Rating Drivers

##### Credit Strengths:

- 1. Extensive Experience of the Promoters:** The promoters of the Company has rich experience of more than 10 years in the same line of business that helps to maintain a healthy relationship with their customers and suppliers. Company is engaged in manufacturing of cattle feed and has single customer Patanjali GramUdyog.
- 2. Comfortable Debt Service Indicators :** The firm has Comfortable debt Service Indicators with Interest Service Coverage Ratio of 8.07 Times and Debt Service Coverage Ratio of 2.56 times in 9MFY19. (Management Certified).

##### Credit Weakness:

- 1. Limited Track of Operations :** The company has started their operations from November 2018, as FY20 will be the first full year of Operations. The firm has achieved revenues of Rs 3.72 crores till 9MFY19. (Management Certified) and further they have achieved revenues of Rs 9.24 crores till FY19 as informed by the management.
- 2. High Gearing Level :** High gearing has observed with TOL/TNW of 2.44 Times in FY18, and it has further increased to 3.78 Times in 9MFY19 (Management Certified) due to increase in bank borrowings and low net worth. The firm has projected gearing level of 2.38 Times in FY20.
- 3. Customer Concentration Risk :** Atulya Agro Industries 100% revenues derived from Patanjali Gram Udyog resulted in high customer concentration risk.

#### 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).

#### Support from Holding/Subsidiary Company:

The Company has Associate concern with the name of Haryana Poshtik Feeds but there is no Operational linkages between them.



### Liquidity

The Company has Cash & Bank Balances of Rs 0.01 crores in 9MFY19. Current ratio was at 1.26 times in 9MFY19. Company has not submitted cash flow statements for FY18, Current maturities of long term debt is Rs 0.61 crores, for Term Loans of Rs 4.29 crores in FY19. Average working capital utilization for the seven months period (October 2018 to March 2019) is 72%. The conversion cycle has been 151 days in 9MFY19. The Company ISCR at 8.07 times and Debt Service Coverage Ratio of 2.56 Times as on 9MFY19.

### Rating Outlook: *Stable*

BWR believes the **Atulya Agro Industries** 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

Atulya Agro Industries was established in 26/07/2017 and started its operations in November 2018 by Mr Ramesh Sharma, and Mr Suresh Chander Malik. The company is engaged in manufacturing of cattle feeds and has its unit located at Bhilwara Rajasthan.

### Company Financial Performance

The Firm has started its operations from November 18 and achieved revenues of Rs 3.72 crores till 31/12/18 and further achieved revenues of Rs 9.24 crores till FY19 (As Informed by Management). The company has achieved PAT of Rs 0.11 crores till 9MFY19.

### Key Financial Indicators

Key Parameters	Units	FY18 (A)	9 MFY19 (Prov)
<b>Result Type</b>			
Operating Revenue	₹ Cr	0.00	3.72
EBITDA	₹ Cr	-0.01	0.59
PAT	₹ Cr	0.00	0.11
Tangible Net worth	₹ Cr	0.58	1.75
TOL:TNW	Times	2.44	3.78
Current Ratio	Times	5.72	1.26



### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	<b>Fund Based</b> Term loan Cash Credit Limit	Long Term	4.29 1.00	<b>BWR B</b> (Pronounced as BWR Single B) Outlook: Stable	NA	NA	NA
	<b>Total</b>		<b>5.29</b>	<b>Five Crores Twenty Nine Lakhs ₹ Only</b>			

Status of non-cooperation with previous CRA (if applicable)- NA

Any other information : Nil

### Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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**

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