



Rating Rationale

Bagtawar Mal Govind Ram

10 July 2018

Brickwork Ratings assigns ratings for the Bank Loan facilities of Rs. 6 Crs. of Bagtawar Mal Govind Ram.

Facility	Amount to be rated (Cr.)	Tenure	Rating
Fund Based	6.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) (Outlook : Stable)
Total	6.00		Rupees Six 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 principally relied upon the audited financial results up to FY17, provisional FY 18 and projections for FY 19, publicly available information and information/ clarifications provided by the company.

The rating has, inter alia, factored in extensive experience of the partners and constant improvement in Sales and net profit margin. The Rating is however constrained by small scale of operations, weak debt protection metrics, high gearing ratio, working capital intensive operations, profit susceptible to the price fluctuation risks of the raw material and inherent risk associated with the constitution of firm.

Key Rating Drivers

Credit Strengths

- **Extensive experience of Partners** – Bagtawar Mal Govind Ram is a partnership firm established in 1980. Mr. Mohan Lal Moondra is the promoter partner of the firm and has experience of more than 3 decades under whose guidance the firm is growing.
- **Constant Improvement in TOI** - Total Operating Income of the firm has increased by 8.45% to Rs.16.16 Crs in FY 18 (provisional basis) as compared to Rs. 14.90 Crs in FY17.

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Credit Weakness

- **Working Capital Intensive operations** - The entity has elongated conversion cycle of 467 days in FY17. Due to high inventory and receivables, working capital requirement is also on higher side leading to higher interest cost.
- **Small scale of operations** - The total operating Income of company though increased from Rs. 14.90 Crs in FY 17 to Rs. 16.16 Crs in FY18, yet it is considered small.
- **Inherent risk associated with the constitution of firm** - Constitution of the entity being is partnership concern, it is exposed to the risk of withdrawal of funds in case of personal exigencies.
- **High Gearing Ratio** - Total outside liabilities to TNW was high at 6.53x as on 31.03.2017. The same is, however partially mitigated by the amount of Rs. 17.55 Crs as unsecured loans infused by the partners.

Rating Outlook: Stable

BWR believes the Bagtawar Mal Govind Ram'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 there is a sustained improvement in the revenues and profits of the company. The rating outlook may be revised to 'Negative' if the revenues and profits reduce due to non implementation of the same.

About the Company

Bagatwar Mal Govind Ram is a partnership firm established on 08.11.1980 by Mr Mohan Lal Moondra and Late Shri Govind Ram Moondra. After the death of Shri Govind Ram Moondra, On 19.07.1997, new partnership with Smt. Geeta Devi, Smt. Sangeeta Devi, Smt. Sobha Devi and Shri Mohan Lal Moondra executed new partnership deed. The entity deals in agricultural commodities such as maize, pulses etc and also provide loans to the farmers and warehousing facilities in tie up with warehouses authorised by Punjab National Bank.

Company Financial Performance

Key Parameters		FY 16 (Audited)	FY 17 (Audited)
Total Operating Income	Cr	15.14	14.90
OPBDIT	Cr	3.20	4.21
PAT	Cr	0.06	0.09
Tangible Net Worth(analysed)*	Cr	9.91	11.01
TOL/TNW	Times	4.27	6.53



* After considering part of the unsecured loans as quasi equity.

Status of non-cooperation with previous CRA: Not Applicable.

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

Facility	Tenure	Rating Assigned (2018)		Rating History		
		Amount (Rs. Crs)	Rating	2017	2016	2015
Fund Based	Long Term	6.00	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable	NA	NA	NA
Total		6.00	Rupees Six Crores only			

Hyperlink/Reference to applicable Criteria

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

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 Investors queries can be sent to 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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

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