Rating Rationale

Baroda Agro Chemicals Ltd

8 Mar, 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Baroda Agro Chemicals Ltd (BACL).

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based Cash Credit Term Loans	**22.50** 14.00 8.50	**Long Term**	**BWR BB-** Pronounced BWR Double B Minus **Outlook: Stable**
Non-Fund Based ILC	**1.50** 1.50	**Short Term**	**BWR A4** Pronounced BWR A Four
Total	**Rs. 24.00 Crores (Rupees Twenty Four 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 audited financial results of FY14, FY15 and FY16, Provisional results of H1FY17, projected financial statements of FY17 and FY18, publicly available information and information provided by the bank/management.

The rating, inter alia, factors the extensive experience of the promoters, diversified product portfolio and consistent growth in revenue. The rating is, however, constrained by the average scale of operation, declining profitability and a high leveraging limiting the financial flexibility of the company. The rating also considers the competitive nature of domestic agro chemicals industry which is exposed varying climatic condition.

Rating Outlook: Stable

BWR believes Baroda Agro Chemicals Ltd '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 the revenues and profitability show substantial improvement. The rating outlook may be revised to 'Negative' if the revenues and

profit margins show lower than expected figures or there is a deterioration in the financial risk profile.

About the Company

Baroda Agro Chemicals Limited (BACL), incorporated on 17th January 1996, is engaged in the manufacturing of pesticides and other allied products. The company has its manufacturing facility at Halol near Baroda, Gujarat with an installed capacity of more than ~350 KL/per day. BACL enters into contract manufacturing as well as job work with respect to generic pesticide formulation and can produce formulations in varying forms like Emulsifiable Concentrates (EC), Dusting Powders (DP), Granules (G), Wettable Powders (WP), Soluble Powders (SP), Suspension Concentrates (SC), Flowables Slurries (FS), Water Disbursable Granules (WDG), Dry Flowables (DF) and Soluble Granules (SG).

Company Financial Performance

Company reported total operating income of Rs 69.04 Crs in FY16 as compared to Rs. 49.19 Crs in FY15. In FY16, net profit margin stood at 4.45% as compared to 6.02% in FY15 and EBIDTA declined from 17.58% to 14.62% during the same period. Though the leveraging has improved, it remains high with TOL/TNW at 3.17.
The management has conveyed that they have achieved a sale of Rs. 49.67 Crs sales for H1FY17.

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

Sl. No.	Instrument/Facility	Current Rating (2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
	Fund Based Cash Credit Term Loans	**Long Term**	**22.50** 14.00 8.50	**BWR BB-** Pronounced BWR Double B Minus **Outlook: Stable**	NA	NA	NA
	Non-Fund Based ILC	**Short Term**	**1.50** 1.50	**BWR A4** Pronounced BWR A Four	NA	NA	NA

Hyperlink/Reference to Applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Manufacturing Companies
- Short Term Debt

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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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER
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