



Rating Rationale

Maxgrow Overseas Ltd (Erstwhile Maxgrow Trade Solutions Pvt Ltd)

6 Aug 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 79.00 Crores of Maxgrow Overseas Ltd (Erstwhile Maxgrow Trade Solutions Pvt Ltd).

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2017)	Present
Fund based	27.47	24.00	Long Term	BWR BBB (Pronounced as BWR Triple B) Outlook : Stable	BWR D (Pronounced as BWR D) Downgraded
Non Fund Based	55.00	55.00	Short Term	BWR A3 (Pronounced as BWR A Three)	BWR D (Pronounced as BWR D) Downgraded
Total	82.47	79.00	INR Seventy Nine crores only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings : Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The revision in rating is on account of delay in debt repayments as reported by the bankers.

The rating has factored, inter alia, the experience of the promoters of Maxgrow Overseas Limited (MOL). However the rating is constrained by thin profit margins, intense competition and working capital intensive nature of operations.

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Description of Key Rating Drivers

- **Credit Strengths:**

The promoters of Maxgrow Overseas Limited have more than a decade of experience in the agro commodities trading industry. The company has long established business relationship with its customers and suppliers.

- **Credit Risks:**

Company is into trading operations which is characterised by thin profitability margins and intense competition.

Company's operations is working capital intensive in nature. There is a Y-o-Y increase in company's receivables.

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).

About the Company

Maxgrow Overseas Ltd (Erstwhile Maxgrow Trade Solutions Limited) was incorporated in 2008 after consolidating two proprietary concerns "Geet Gobind Global" and "Geet Gobind Enterprises" which was managed by Mr. Rahul and Rajendra Saraf. It is in business of trading of Agri Commodities, Ferrous and Non Ferrous Metals, Edible oil and Fatty Acids. The directors Rajendra Saraf and Rahul Saraf has vast experience in trading business and they look after the overall administration and marketing function respectively. The company has branch offices in Gujarat, Rajasthan, Silvassa, West Bengal and International offices in Hong Kong and Dubai.

Company Financial Performance

In FY16-17 the entity has a net profit of Rs. 7.60 Crores on an income of Rs. 1466.80 Crores as against a net profit of Rs. 9.54 Crores on an income of Rs. 1444.06 crores in FY15-16. The networth of the company stood at Rs 82.89 Crores as on March 31,2017. As informed by management the revenue for the period of April 2018- January 2018 is Rs. 1110.93 Crores.

Rating History for the last three years

S. No	Instrument /Facility	Current Rating (2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	09-Feb-2017	23-Mar-2015	2014
1	Fund Based	Long Term	24.00	BWR D	BWR BBB	BWR BBB-	-
2	Non Fund Based	Short Term	55.00	BWR D	BWR A3	BWR A3	-
Total			79.00	₹ Seventy Nine crores only			

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

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	1466.80	1444.06
EBITDA	₹ Cr	20.83	14.94
PAT	₹ Cr	7.60	9.54
Tangible Net worth	₹ Cr	82.89	54.05
Total Debt/Tangible Net worth	Times	1.59	1.73
Current Ratio	Times	1.48	1.19

Hyperlink/Reference to applicable Criteria

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



For any other criteria obtain hyperlinks from website

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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, 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.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

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