



## Rating Rationale

### Pargati Feeds

25<sup>th</sup> July 2017

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### Brickwork assigns Ratings for the Bank Loan Facilities of Pargati Feeds.

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#### Particulars

Issue	Amount Rated (Cr)	Tenure	Rating Assigned
Fund Based Cash Credit(proposed) Term Loans (o/s)	8.55 3.59	Long Term	<b>BWR B</b> (Pronounced as BWR Single B ) Outlook: Stable
<b>Total</b>	<b>12.14</b>	<b>INR Twelve Crores and Fourteen Lacs Only</b>	

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

#### Rationale/Description of Key Rating Drivers

The rating, inter alia, factors in the firm's successful commencement of operations in FY2014, growing year-on-year revenues and operations becoming profitable first time in FY16. However, the rating is constrained by low scale of operations, low profitability margins, below average debt protection metrics and low equity base.

#### **Rating Outlook: Stable**

BWR believes the Pargati Feeds'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 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 Firm

Panipat (Haryana) based firm, Pargati Feeds, was set up in 2013 and commenced operations in August 2013. It is engaged in manufacturing of cattle and poultry feed. Initially there were four partners but wef April 2017, two partners have resigned. The firm has an installed capacity of 10 tonnes per hour, with annual production of about 36,000 tonnes.

### Firm's Financial Performance

Revenue has increased by almost 51% from Rs.22.53 Cr in FY15 to Rs.34 Cr in FY16. PAT was recorded for the first time in FY16 at Rs. 0.02 Cr. As advised by the management, the firm achieved revenue of Rs.33.52Cr with PAT of Rs.0.02 Cr in FY17, as per the provisional financial data.

### Rating History for the last three years: (including withdrawn/suspended ratings)

Facility	Tenure	Amount Rated (Rs. Crs)	Rating Assigned (2017)	Rating History		
			Rating	2016	2015	2014
Fund Based- Cash Credit proposed	Long Term	8.55	BWR B (Pronounced as Single B )	NA	NA	NA
Fund Based- Term Loan (o/s)		3.59				
<b>Total</b>		<b>12.14</b>	<b>Rupees Twelve Crores and Fourteen Lakhs only</b>			

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

Any other information- NIL

Hyperlink/Reference to Applicable Criteria

- General Criteria
- Approach to Financial Ratios



- **Service**

- **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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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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