



Rating Rationale

R S Agro Seeds

3 Jan 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 5.67 Crores of R S Agro Seeds.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based			
Cash Credit	4.70	Long Term	BWR B- (Pronounced as BWR Single B Minus) Outlook: Stable
Term Loan	0.97		
Total	5.67		INR Five Crores and Sixty Seven Only)

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

Rating assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY17 , projected financials of FY 18 and publicly available information and the information/clarifications provided by the Firm

The rating draws strength from the partners experience in agro processing industry, satisfactory relations with customer , increased operating profit margin and moderate interest coverage ratio.



The assigned rating, however, is constrained by relatively small scale of operations, low net worth ,high gearing level , negative debt coverage ratio, inherent risk related to partnership firm highly competitive industry and seasonality risk of agro based products.

Going forward, ability of the firm to improve its scale of operations by increasing the revenues and profitability margins ,to improve gearing by increasing own funds , to manage working capital efficiently, service the debt obligations promptly would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- The partners have an average of 15 years experience .Relationship with customers is around 4 years. Increase in operating profit margin from 6.79 % (FY16) to 11.02% (FY17).Improved interest coverage matrix @ 1.33 times

Credit Risks:

- Low net worth stood at Rs 1.12 Crs in FY17. Revenue registered @ Rs 7.17 Cr in FY17.High gearing ratio of 3.03 times in FY17.negative Debt coverage @ 0.90 times

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).

Rating Outlook: Stable

BWR believes the **R S Agro Seeds** 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

R.S.Agro Seeds was established as partnership firm on August, 2010 by Mr Gaurav Madan, Mr. Kulijas Rai Madan , Mr. Rajat Huria and Mr. Ashok Huria , who are partners in the firm .



The firm is engaged in the business of processing, packing & trading of all types of seeds like wheat, paddy, pea, soybean, urad, lahi & bardana etc. The firm has a milling unit with an installed capacity of 12800 MT per annum located at Gadrarpur in Uttarakhand.

Company Financial Performance

Revenue of firm decreased from Rs 7.27 Cr in FY16 to Rs 7.17 Cr in FY17. Net profit remained at Rs 0.01 Cr both in FY17 & FY16. Networth of the firm recorded @Rs 0.83 Crs in FY16 and Rs 1.12. Crs in FY17.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2017)			Rating History		
		Type	Amount (₹ Crs)	Rating	FY16	FY15	FY14
(1)	Fund Based Cash Credit	Long Term	4.70	BWR B- BWR single B minus (Outlook : Stable)	Not Rated	Not Rated	Not Rated
(2)	Term Loan		0.97				
Total			5.67	(₹ Five Crores and Sixty Seven Lakhs Only)			

Status of non-cooperation with previous CRA (if applicable)- Not known

Any other information : N0



Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Crs	7.17	7.27
EBITDA	₹ Crs	0.49	0.79
PAT	₹ Crs	0.01	0.01
Tangible Net worth	₹ Crs	0.83	1.12
Total Debt/Tangible Net worth	Times	3.20	3.03
Current Ratio	Times	1.85	1.54

Hyperlink/Reference to applicable Criteria

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

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, 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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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