



Rating Rationale

Radha Krishna Hi-Tech Agro Industries Pvt. Ltd.

19 Jun 2018

Brickwork Ratings assigns the long term rating for the Bank Loan Facilities of Rs. 9.16 Crs of Radha Krishna Hi-Tech Agro Foods Pvt. Ltd.

Particulars

| Facility Rated | Amount (Rs. Crs) | Tenure | Rating* |
|-------------------|------------------|---|---|
| Fund Based | | | |
| Cash Credit | 8.00 | Long Term | BWR BB- (Pronounced as BWR Double B Minus) (Outlook: Stable) |
| Term Loan | 1.16 | | |
| Total | 9.16 | INR Nine Crores and Sixteen Lakhs Only | |

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

Rating: Long Term Rating Assigned

Brickwork Ratings assigned the long term rating of 'BWR BB-' with outlook Stable for the bank loan facilities of Rs. 9.16 Crores of Radha Krishna Hi-Tech Agro Foods Pvt. Ltd.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, experience of directors in rice processing and trading line of business, existence of the company for 6 years with satisfactory business history, year on year improvement in total operating income and adequate debt protection metrics in FY17. However the rating is constrained by moderate scale of operations and thin net profit margins. Going forward, ability of the company to scale up its operations, to improve its profitability margins and to manage its gearing in an intensely competitive industry will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of Radha Krishna Hi-Tech Agro Foods Pvt. Ltd. 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.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

Key Rating Drivers

Credit Strengths

- **Experience of Directors:** The directors of the company are having good experience in trading and processing of rice.
- **Year on Year Growth in Total Operating Income:** The total operating income of the company has increased from Rs. 19.43 Crores in FY16 to Rs. 20.23 Crores in FY17. As per the management the company has achieved net sales of Rs. 24.12 Crores in FY18.
- **Adequate Debt Protection Metrics:** The Company have adequate debt protection metrics with ISCR of 1.94 times and DSCR of 1.11 times in FY17.

Credit Weaknesses

- **Thin PAT Margin:** The company is generating thin PAT margin with 0.32% in FY16 and 0.31% in FY17.
- **High Degree of Competition:** Highly competitive industry with stiff competition from other established players in the vicinity.

About the Company

Radha Krishna Hi-Tech Agro Industries Private Limited was incorporated in 2012 with registered office in Patna, Bihar. The Company has three Directors namely Mr. Rakesh Kumar Gupta, Mr. Amit Kumar Gupta and Mr. Raj Kumar. The company is engaged in milling of paddy and selling of rice. The company has its rice milling unit in Bihta, in Patna district of Bihar with paddy processing capacity of 8 MT Per Hour.

Company's Financial Performance

The Company has registered a total operating income of Rs. 20.23 Cr in FY17 as against Rs. 19.43 Cr in FY16. The Company has reported operating profit margin of 4.63% and net profit margin of 0.31% in FY17 as against operating profit margin of 5.64% and net profit margin of 0.32% in FY16. Tangible net worth of the Company stood at Rs. 3.59 Cr as on March 31, 2017.

As per the management, the company has achieved net sales of Rs. 24.12 Cr in FY18.

| Parameters | 31-Mar-2015 | 31-Mar-2016 | 31-Mar-2017 |
|---------------------------------------|-------------|-------------|-------------|
| | (Audited) | (Audited) | (Audited) |
| Total Operating Income (Rs. Crores) | 19.14 | 19.43 | 20.23 |
| EBIDTA (Rs. Crores) | 1.54 | 1.10 | 0.94 |
| PAT (Rs. Crores) | 0.01 | 0.06 | 0.06 |
| Tangible Net Worth (TNW) (Rs. Crores) | 3.46 | 3.51 | 3.59 |
| Total Debt : TNW (Times) | 1.21 | 1.25 | 1.67 |
| Current Ratio (Times) | 1.58 | 2.20 | 1.67 |

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

| Sl. No. | Instrument/ Facility | Current Rating (2018) | | | Rating History | | |
|--------------|-------------------------|-----------------------|---------------------|---|----------------|------|------|
| | | Type | Amount (Rs. Crs) | Rating | 2017 | 2016 | 2015 |
| 1 | Cash Credit | Long Term | 8.00 | BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable | Nil | Nil | Nil |
| 2 | Term Loan | | 1.16 | | | | |
| Total | | | 9.16 | INR Nine Crores and Sixteen Lakhs Only | | | |

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

| Analytical Contacts | Media |
|---|--|
| K V Raju Head - MSME Ratings analyst@brickworkratings.com | media@brickworkratings.com |
| | Relationship Contact |
| | bd@brickworkratings.com |
| Phone: 1-860-425-2742 | |



For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.