



Rating Rationale

Radhe Agro Industries India Pvt Ltd

29th December 2017

Brickwork Ratings reaffirms the long term rating for the Bank Loan Facilities of Rs 15.99 Crs of Radhe Agro Industries India Pvt Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based					
Open Cash Credit	11.00	12.50	Long term	BWR B Outlook Stable	Reaffirmation of BWR B (Pronounced as BWR Single B) Outlook - Stable
Term Loans	5.81	3.49			
Total	16.81	15.99	(Rupees Fifteen Crores Ninety Nine Lakhs Only)		

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

Long term rating reaffirmed

Brickwork Ratings reaffirms the long term rating of **BWR B** for the Bank Loan Facilities of Rs.15.99 Crs of Radhe Agro Industries India Pvt Ltd.

Rationale/Rating sensitivities:

The rating draws comfort from the experienced management and increased revenue in FY 17. However the rating is constrained by decline in net worth, high gearing, weak coverage ratios, net loss for the past two years, competition from peers and seasonality risk of dealing with agri based raw material.

Going forward, ability of the company to increase its scale of operations, to improve its net worth, & capital structure, to improve the coverage ratios and to manage its working capital efficiently would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of Radhe Agro Industries India Pvt Ltd will be maintained over 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 detailed below (hyperlinks provided at the end of this rationale).

Key Rating Drivers:

Strengths

Experienced management: The Company's management is well experienced in food processing industry.

Increase in FY17 revenue: The revenue of the company has increased from Rs 36.36Crs in FY 16 to Rs 41.50 Crs in FY 17.

Weaknesses

Low scale of operations: The revenue of the company is moderate and fluctuating for the last 3 years.

High gearing level: The company has high gearing with the debt equity ratio of 7.12 times in FY17 due to low net worth of Rs 3.10 Crs .

Net loss for the past two years: The company reported net loss for the past two years.

About the Company

Radhe Agro Industries India Pvt Ltd was incorporated in 2012 and commercial operations of the company started from 2014. Company's registered office is located at Nizamabad, Telangana and manufacturing unit is located at Raichur, Karnataka. Company is engaged in milling of paddy. Installed capacity of the mill is 8 Tons/ hour, whereas utilization capacity is at 65%. Mill is owned by the Company and spread across 15 Acres. Company has 3 go-downs with storage capacity of 80, 000 Quintals of paddy and Rice. Firm is selling its products with brand name of "Sunil".

Financial Performance

Revenue of the company has increased from Rs 36.60 Crs in FY 16 to Rs 41.50 Crs in FY 17. The company has reported ISCR and DSCR of 1.69 times and 1.07 times respectively. It has high gearing due to low net worth of Rs 3.01 Crs in FY 17. As per Provisionals the company has achieved revenue of Rs 18.02 Crs and PAT of Rs 0.37 Crs till Sept 2017.

Key Parameters	FY17 (A)	FY 16 (A)	FY15(A)
Net Receipts (Rs in Crs)	41.5	36.6	37.45
EBITDA (Rs in Crs)	0.05	0.16	-0.07
PAT (Rs in Crs)	-0.04	-0.02	0.22
Tangible net worth (Rs in Crs)	3.01	3.04	3.07
Total Debt: Tangible net worth	7.12 times	6.78 times	8.40 times
Current Ratio	1.19 times	1.02 times	1.05 times

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

Sl. no	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount(Rs Crs)	Rating	2016	2015	2014
Fund Based				BWR B Outlook Stable Reaffirmed	BWR B	Not rated	Not rated
1	Cash Credit	Long term	12.50				
2	Term Loans		3.49				
Total			15.99	(Rupees Fifteen Crores Ninety Nine Lakhs Only)			

Hyperlink/Reference to applicable Criteria

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

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 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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