



## Rating Rationale

### Rajendra Agro industries

4 Apr 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 9.40 Crores of Rajendra Agro industries.

#### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	9.40	Long Term	<b>BWR B</b> (BWR Single B) <b>Outlook: Stable</b> <b>Assign</b>
<b>Total</b>	<b>9.40</b>	<b>INR Nine Crores and Forty Lakhs Only</b>	

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

**NOTE: The firm commenced operation in Oct 2017 by availing bank loan and infusing capital funds, but FY17 financials have not been provided**

#### Rating : Assigned

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the projected financials up to FY19, and publicly available information and information/ clarifications provided by the management.

The ratings is supported by the experience of management in the same line of business. However the rating is constrained by track record of the firm being just established and operating activity commenced recently. High gearing, reaching the projected revenue and cash flows, Inherent risk of the constitution of the firm being partnership

Going forward, ability of the firm to increase its scale of operations and profit margins, infusing own funds to improve the net worth and service the debt obligations promptly will remain the key rating sensitivities.

#### Description of Key Rating Drivers

**Credit Strengths:** The partners of the firm has experience of 32 years each.



**Credit Risks:** Firm established in May 2017. Operations commenced in October 2017. Gearing is 6.57X reaching Projected revenues unlikely affecting the cash flows.

### **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 **Rajendra Agro industries** 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**

M/s Rajendra Agro Industries is a newly formed partnership firm with four partners belong to one family. The firm will be run by the joint family and all the members of the family have rich and varied experience of Cotton Ginning & pressing business since decades.

The firm is dealing in processing/ginning of raw cotton purchased from local markets as well as from farmers. The processed cotton will be on sale to cotton textile/spinning industries mainly to the textile units located in Tamil nadu

The firm will run on the factory and land & buildings of M/s Rajendra Industries the group entity, which has leased through registered lease deed. M/s Rajendra Industries have got all the requisite permission and licences to operate the ginning and pressing firm on the said premises.

### **Company Financial Performance**

The firm has commenced its operations in October 2017 and reportedly achieved the total revenue of Rs. 27.72 Crs till Feb 2018, as against the projected revenues of Rs. 41.82 Crs for FY18. The partners have infused the capital of Rs. 1.47 Crs. The firm has projected the gearing will be at 6.82 times for FY18. The firm projected the operating profit of Rs. 0.94 Crs and PAT of Rs 0.21 Crs for FY18. The firm expected the ISCR at 1.58 times and DSCR at 1.42 times for FY18. The firm commenced operation in Oct 2017 by availing bank loan and infusing capital funds, but FY17 financials have not been provided

**Rating History for the last three years**

Instrument /Facility	Current Rating (2018)			Rating History		
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
<b>Fund Based</b>	Long Term	9.40	<b>BWR B (BWR Single B) Outlook: Stable Assign</b>	<b>Not Rated</b>	<b>Not Rated</b>	<b>Not Rated</b>
<b>Total</b>		<b>9.40</b>	<b>₹ Nine Crores and Forty lakhs Only</b>			

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

Any other information: Nil

**Key Financial Indicators**

Key Parameters	Units	2019	2018
Result Type		Projected	Projected
Operating Revenue	₹ Cr	80.08	41.82
EBITDA	₹ Cr	1.53	0.94
PAT	₹ Cr	0.34	0.21
Tangible Net worth	₹ Cr	2.05	1.71
Total Debt/Tangible Net worth	Times	5.66	6.82
Current Ratio	Times	1.39	1.37

**Hyperlink/Reference to applicable Criteria**

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



- **Short Term Debt**

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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 ₹ 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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