

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 21.30 Crores of AD Trading Co..**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (December, 2017)	Present
<b>Fund Based</b> <b>Cash Credit Limit</b> <b>O.D Limit</b>	6.00 1.50	19.50 1.80	<b>Long Term</b>	BWR B (Pronounced as BWR Single B) Outlook: Stable	BWR B (Pronounced as BWR Single B) Outlook: Stable Rating Reaffirmed
<b>Fund Based</b> <b>Goods Loan</b>	0.50	.....	<b>Short Term</b>	BWR A4 (Pronounced as BWR AFour)	BWR A4 (Pronounced as BWR Single A Four) Rating Withdrawn
<b>Total</b>	8.00	21.30	<b>INR Twenty One Crores Thirty Lakhs Only</b>		

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

\*\*Previous Rating was done for Cash Credit limit of Rs 6.00 crores from Punjab National Bank which is enhanced to Rs 19.50 crores and O.D Limit of Rs 1.50 crores from Karnataka Bank which is enhanced to Rs 1.80 crores. The previous rating also included Goods Loan of Rs.0.50 crs from Karnataka Bank which stand closed now. Further Goods Loan Revolving of Rs.10.00 crs sanctioned by Karnataka Bank is not being rated.

**Ratings :** Long Term Rating Reaffirmed to B and Short Term Rating Withdrawn for the bank loan facilities of AD Trading Co..

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

BWR has essentially relied upon the Firm audited financial results upto FY18, and available information and clarification provided by the firm.

The ratings draw strength from the extensive experience of the promoters in the same line of business, Improvement in revenues, and Moderate Profitability Margins . The ratings, however, is constrained by High gearing level, Weak Debt Service Indicators, and Competition from various organized or unorganised players. Going Forward the ability of the firm to improve its gearing level, Debt service Indicators , and maintain its improvement in revenues would be the key rating sensitivities.

### Description of Key Rating Drivers

#### Credit Strengths:

- 1. Long Experience of the Promoters in Trading Business:** The Promoter of the firm Mr Akash Arora has experience of more than four years in the same line of business.
- 2. Improvement in Revenues :** The firm revenues has improved almost by 39% as compared to Previous year FY17. Since FY17 was the first year of operations the firm achieved revenues of Rs 5.57 crores in FY17 and further improved to Rs 7.78 crores in FY18. The firm has achieved revenues of Rs 9.37 crores till February,19 and projected to achieve revenues of Rs 11.00 crores in FY19.
- 3. Moderate Profitability Margins :** The firm has moderate operating profitability margins of 8.96% in FY18. It has improved from 4.37% in FY17.

#### Credit Weakness:

- 1. High Gearing Level :** The company has high gearing with TOL/TNW of 6.23 times and Total Debt/TNW of 5.48 times in FY18.
- 2. Weak Debt Service Indicators :** The Company has weak Debt Service Indicators with Interest Service Coverage Ratio of 1.09 Times and Debt Service Coverage Ratio of 0.62 times in FY18.
- 3. Competition from various organized or unorganized players :** The company operates in trading of various commodities which are fragmented industries with a high level of competition.

### 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).

### Support from Holding/Subsidiary Company:

The Company has associate concerns with the name of Ala Food Stuff Private Limited but there is no such operational linkages with them.



### Liquidity

The Company has Cash & Bank Balances of Rs 0.07 crores in FY18. Current ratio was at 1.25 times in FY18. Average working capital utilization for the six months period (May 2018 to Oct 2018) is 50-60% from Punjab National Bank and 100% utilization from Karnataka Bank The conversion cycle has been 496 days in FY18. The Company has nil long term debt. The Company ISCR at 1.09 times and Debt Service Coverage Ratio of 0.62 Times as on March 31 2018.

### Rating Outlook: *Stable*

BWR believes the **AD Trading Co** 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

A.D Trading Company is Amritsar Punjab based proprietorship entity established in October 2016, by Mr Akash Arora for wholesale trading of paddy and rice.. ADTC is currently managed by Mr Akash Arora. The firm has its unit located at Mandi Bhagtawalan Amritsar.

### Company Financial Performance

Total operating income (TOI) of the Company has improved from Rs 5.57 Cr in FY17 to Rs 7.78 Cr. in FY18. PAT has Improved from Rs 0.06 Cr in FY17 to Rs. 0.07 Cr in FY18.

### Key Financial Indicators

Key Parameters	Units	FY18 (A)	FY17 (A)
<b>Result Type</b>			
Operating Revenue	₹ Cr	7.78	5.57
EBITDA	₹ Cr	0.70	0.24
PAT	₹ Cr	0.07	0.06
Tangible Net worth	₹ Cr	2.07	2.02
TOL:TNW	Times	6.23	3.10
Current Ratio	Times	1.25	2.72

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)				Rating History		
		Type (Long Term/ Short Term)	Previous Amount	Amount (₹ Crs)	Rating	2018	2017	2016
1	<b>Fund Based</b> Cash Credit Limit O.D Limit	Long Term	6.00 1.50	19.50 1.80	<b>BWR B</b> (Pronounced as BWR Single B ) Outlook: Stable Reaffirmed	NA	<b>BWR B</b> (Pronounced as BWR Single B) Outlook : Stable	NA
2	<b>Fund Based</b> Goods Loan	Short Term	0.50	-----	<b>BWR A4</b> (Pronounced as BWR Single A Four) Withdrawn	NA	<b>BWR A4</b> (Pronounced as BWR Single A Four)	NA
<b>Total</b>			<b>8.00</b>	<b>21.30</b>	<b>Twenty One Crores Thirty Lakhs ₹ Only</b>			

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

Any other information : Nil

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)

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](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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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