Rating Rationale

Goyal Feed Suppliers

21 Jan 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 6.01 Crores of Goyal Feed Suppliers.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2018)	Present
Fund based: Cash Credit Term Loan	**4.00** **2.49**	**4.00** **1.71**	**Long Term**	**BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable**	**BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable Reaffirmed**
Non Fund Based: Bank Guarantee	**0.30**	**0.30**	**Short Term**	**BWR A4 (Pronounced as BWR A Four)**	**BWR A4 (Pronounced as BWR A Four) Reaffirmed**
Total	**6.79**	**6.01**	**INR Six Crores and One Lakh Only**		

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

Ratings: Reaffirmed
Brickwork Ratings reaffirms the long term rating for bank loan facilities aggregating to Rs. 6.01 Crores of **Goyal Feed Suppliers (‘**GFS’, or ‘the firm’)

Rationale/Description of Key Rating Drivers/Rating sensitivities:
BWR has essentially relied up on the audited financials upto FY18, projections upto FY20, publicly available information and information/clarifications provided by the firm’s management.
The rating continues to derive its strength from partners’ experience, satisfactory debt protection metrics, moderate liquidity position and efficient working capital cycle. The rating is however constrained by relatively moderate scale of operations, ability to acquire raw materials at competitive prices and inherent limitations of the firm’s constitution.

Going forward, ability of the firm to improve its scale of operations and to improve its net worth will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experience of Partners:** Partners of the firm have a long standing experience in this line of business and are running the business satisfactorily .
- **Growth in FY18-** Total Operating Income of the firm has improved from Rs. 13.70 crs in FY17 to Rs. 23.99 crs in FY18 and PAT from Rs. -0.02 crs in FY17 to 0.18 crs in FY18.

Credit Risks:

- **Low Net Worth :** TNW of the firm is low and stood at Rs. 1.36 crs in FY18.
- **High Gearing :** Total Gearing of the firm is high and stood at 6.75 times in FY18.
- **Constitution :** The firm is exposed to inherent risk of fluctuation in capital due to withdrawal of capital by partners.

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 that **Goyal Feed Suppliers'** 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 Firm

Goyal feed suppliers is a Partnership Firm established in the Year 2014 by Mr. Sumit Agarwal. The firm is engaged in manufacturing of Poultry and animal feed. The unit is located at Siliguri, Darjeeling Dist (W.B). Mr. Sumit Agarwal, Smt. Sunita devi Agarwal and Smt. Sheetal Agarwal are the partners of the firm. It has a capacity to produce ~48000 MT feed per year. The key raw materials include Maize and Soya.The firm procures Maize and Soya from farmers/cultivators (direct purchase) and brokers or agents. The firm supplies its products to different places in West Bengal and Assam.

Firm's Financial Performance

As per the audited financials of FY18, the firm has reported total operating income of ₹ 23.99 Crores against ₹ 13.70 Crores in FY17. The operating profit margin of the firm stood at 7.48% in FY18 as against 9.48% in FY17. Tangible Net Worth of the firm has improved from ₹ 1.32 crores in FY17 to Rs. 1.36 crs in FY18.

Rating History for the last three years

S.No	Facility	Current Rating(2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	15, March, 2018	2017	2016
1.	**Fund Based**	Long Term	5.71	**BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable Reaffirmed**	**BWR B+ (Pronounced as BWR Single B Plus) (Outlook: Stable)**	**NA**	**NA**
2.	**Non Fund Based**	Short Term	0.30	**BWR A4 (Pronounced as BWR A Four) Reaffirmed**	**BWR A4 (Pronounced as BWR A Four)**	**NA**	**NA**
	Total		**6.01**	**₹ Six Crores and One Lakh Only**			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments
Any other information

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	23.99	13.70
EBITDA	₹ Cr	1.80	1.30
PAT	₹ Cr	0.18	(0.02)
Tangible Net worth	₹ Cr	1.36	1.32
Total Debt/Tangible Net worth	Times	6.75	6.15
Current Ratio	Times	1.70	2.07

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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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, 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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