



## Press Release

**A1 Agri Global Limited (erstwhile A1 Agri Global Private Limited)**

**February 06, 2025**

### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Facilities	75.00	IVR BBB/ Positive (IVR Triple B with Positive Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Outlook revised from Stable to Positive	Simple
<b>Total</b>	<b>75.00</b> <b>(Rupees Seventy-five crore only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

The 'Positive' outlook reflects improvement in the scale of operations in FY24 (refers to the period from April 1, 2023, to March 31, 2024) and 1HFY25.

The reaffirmation of the ratings assigned to the bank facilities of A1 Agri Global Limited (AAGL) by Infomerics ratings continues to derive comfort from experienced top management and resourceful promoters, strong relationships with customers ensuring repeated orders, low working capital cycle, comfortable debt protection metrics and capital structure favourable demand outlook for the edible oil sector in India and Company's focus on HoReCa segment. The ratings, however, remained constrained on account of thin profit margin, highly competitive and fragmented nature of the industry and exposure to regulatory/ geopolitical risk.

### Key Rating Sensitivities:

#### Upward Factors

- Sustained and substantial improvement in revenue and profitability leading to overall improvement in the capital structure while maintaining the debt protection metrics

#### Downward Factors

- Any decline in revenue & profitability leading to deterioration in debt protection metrics and/or capital structure.
- Any major debt-funded capex



## Press Release

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Experienced top management and resourceful promoters**

A1 Agri Global Limited was promoted by Mr. Sparsh Sachar who is having around a decade of experience in edible oil and agro commodities business. He is managing director of the Company. Also, Mr. Neeraj Kumar who is C.E.O. of the company has over 28 years of experience and is handling day to day operations of the Company. The promoters have infused additional need based fund in the past by way of equity and unsecured loans.

##### **Increase in the scale of operations and maintenance of the same in H1FY25**

Total operating income has increased to Rs.1190.02 crore in FY24 (A) from Rs.599.71 crore in FY23 (A) (refers to the period from April 1, 2022, to March 31, 2023), registering almost 100% growth, largely backed by business volumes and addition of new customer base. However, the PAT margin remained range bound at 0.75-0.80% in the last two years ended FY24. Further, GCA reported by the company stood at Rs.10.21 crore in FY24 as against Rs.4.76 crore reported in FY23. The similar upward trend is visible in the H1FY25 numbers as evident from the total operating income of Rs.674.44 crore (H1FY24 – Rs.454.43 crore) and the PAT margin reported of 1.80% (H1FY24 – 1.33%).

##### **Comfortable debt protection metrics and capital structure**

AAGL's debt protection metrics remains comfortable with interest coverage of 3.93x in FY24 (FY23: 3.52x) wherein, capital structure though deteriorated but remains healthy with TOL/TNW and overall gearing of 3.22x (1.57x) & 1.82x (1.02x) respectively. Infomerics expects gradual improvement in the capital structure due to accretion of the profit.

##### **Strong relationships with customers ensuring repeated orders & low working capital cycle.**

The company enjoys strong relationships with its customers, which ensures repeated orders. The company has established sources for raw material with a credit period of ~8 to 12 days only. The company has a low working capital cycle of 30 days in FY24 (FY23: 32 days) with. The efficient management of working capital cycle enables the company to book higher revenue with the available fund based working capital limits.



## Press Release

### **Favourable demand outlook for the edible oil sector in India**

The Indian edible oil industry is price sensitive in nature as a substantial part of the consumption is correlated to the changes in prices of edible oil and quantum of disposable income. The demand for edible oil in India has witnessed steady growth over the years and the long-term demand outlook for edible oil in India continues to be favourable. India is the third largest consumer of edible oil (after China and the EU-27 countries) and domestic edible oil fulfils ~40-45% of total domestic consumption leading to sizeable import dependence.

### **AAPL's focus on HoReCa segment**

The retail edible oil market can be divided into two segments HoReCa (Hotel-Restaurant Caterer) and end consumers, who consume a majority of the edible oil share. With the increased focus on the HoReCa segment consumption, post COVID-19, the demand of the company is envisaged to surge rapidly. Also, generally the HoReCa segment is more reliable as compared to the other segments in terms of the lifting and also in terms of the margins considering the bulk orders.

### **Key Rating Weaknesses**

#### **Thin profit margin**

The edible oil trading industry is vulnerable to government policies in the form of duties imposed on import of refined and crude edible oil, volatility in edible oil prices and foreign exchange rates. Therefore, the company's profitability margins from sale of edible oil, usually remains thin, as visible from the PAT margin of less than 1% in FY24 and FY23.

#### **Highly competitive and fragmented nature of the industry**

The Indian edible oil industry is intensely competitive due to numerous small players and some reputed players. Moreover, the company has thin profit margins due to the trading nature of operations without any value addition.

#### **Exposure to regulatory/ geopolitical risk**

India remains dependent on edible oil imports from countries like Indonesia, Malaysia, Ukraine, Russia, etc. Any issue in the producing countries such as export ban or an event like the Russia – Ukraine conflict or a bad crop may hamper the availability of raw material and



## Press Release

spark a price rise. The Government of India also regulates edible oil imports via import duty and agri-cess, which are also a risk for industry players.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

[Rating Methodology for Manufacturing Companies.](#)

[Criteria of assigning Rating outlook](#)

[Policy on Default Recognition and post default curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

### **Liquidity – Adequate**

The liquidity profile of AAGL remained adequate, as marked by its satisfactory cash accrual in the projected period vis-à-vis its almost nil debt repayment obligations. The average working capital utilisation of the company remained moderate at 69% during the past 12 months ended on December 31, 2024. The interest coverage ratio stood healthy at 3.93x during FY24 (A). The current ratio remained comfortable at 1.35x as on March 31, 2024. The cash & cash equivalent of the company remains low at Rs.0.05 crore as on October 31, 2024.

### **About the Company**

Incorporated on July 12, 2020, A1 Agri Global Private Limited is into the business of trading and import of edible oils, food grains, pulses and oil seeds, with the registered office located at New Delhi. The company is having a storage tank facility at the Kandla Port Custom compound area. Later, the company changed its constitution to Limited company.

### **Financials (Standalone):**

(Rs. crore)		
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	599.71	1190.02
EBITDA	8.87	17.99
PAT	4.54	9.12



## Press Release

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Debt	39.33	86.23
Tangible Net Worth	38.38	47.40
EBITDA Margin (%)	1.48	1.51
PAT Margin (%)	0.76	0.77
Overall Gearing Ratio (x)	1.02	1.82
Interest Coverage (x)	3.52	3.93

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** None

**Rating History for last three years:**

Sr. No	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					December 27, 2023	September 29, 2022	
1.	Cash Credit	Long Term	75.00	IVR BBB/ Positive	IVR BBB / Stable	IVR BBB- / Stable	-
2.	Proposed Cash Credit	Long Term	-	-	-	IVR BBB- / Stable	-

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**About Infomerics:**

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).





## Press Release

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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### Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	75.00	IVR BBB/ Positive

### Annexure 2: Facility wise lender details–

<https://www.infomerics.com/admin/prfiles/Len-A1-Agri-Global-6feb25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/Combined analysis:** Not Applicable



## Press Release

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)

