



Press Release

Agrigo Trading Private limited

September 16, 2024

Ratings

| Instrument / Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|----------------------------|--|--|--|---------------|--------------------------------------|
| Long Term Bank Facilities | 31.83 (Enhanced from Rs. 23.26 Cr.) | IVR BBB/Stable (IVR Triple B with Stable Outlook) | IVR BBB/Stable (IVR Triple B with Stable Outlook) | Reaffirmed | Simple |
| Short Term Bank Facilities | 30.38 (Enhanced from Rs. 20.25 Cr.) | IVR A3+ (IVR A Three Plus) | IVR A3+ (IVR A Three Plus) | Reaffirmed | Simple |
| Total | 62.21 | (Rupees Sixty-Two Crore and Twenty-One Lakh only) | | | |

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

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BBB with stable outlook and short-term facilities to IVR A3+ of Agrigo Trading Private Limited.

The rating reaffirmation is on account of established track record and experienced management. The ratings continue to draw comfort from growing scale of operations albeit thin profitability coupled with moderate financial risk profile. However, these rating strengths are partially offset by highly fragmented and cyclical nature of the industry and customer concentration risk.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Infomerics ratings believes that Agrigo Trading Private Limited will continue to benefit on account of stable outlook for agri commodities.

IVR has principally relied on the standalone audited financial results of Agrigo Trading Private limited up to 31 March 2023 (refers to period April 1st, 2022, to March 31st, 2023) Provisional FY24 (refers to period April 1st, 2023, to March 31st, 2024) results and projected financials for FY25, (refers to period April 1st, 2024, to March 31st, 2025) FY26 (refers to period April 1st, 2025, to March 31st, 2026) and FY27 (refers to period April 1st, 2026, to March 31st,



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2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenue and profitability while maintaining the debt protection metrics, and improvement in liquidity profile of the company.
- The sustained improvement in capital structure and the specific credit metric will be the overall gearing ratio remaining below unity.

Downward Factors

- Any significant decline in revenue and/or profitability leading to deterioration in debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record and experienced management**

Agrigo Trading Private Limited has a track record of about two decades in the business. The promoters of the company have experience in this line of activity. Altogether, their knowledge and managerial experience, while being assisted by a team of experienced and qualified professionals gives an advantage in better procurement.

- **Growing scale of operations albeit thin profitability**

The TOI of the company grew significantly by 72.14% y-o-y basis and stood at Rs. 398.74 crore as per the FY24(P) results compared to Rs. 231.64 crore during FY23 on account of increase in trading volume of its products. The EBITDA of the company rose by 48.97% and stood at Rs. 11.56 crore during FY24(P) compared to Rs. 7.76 crore during FY23. The PAT of the company stood at Rs. 4.77 crore during FY24(P) result compared to Rs. 2.79 crore during FY23. The GCA of the company stood at Rs. 4.90 crore in FY24(P) compared to Rs. 2.92 crore in FY23. Despite increase in scale of operations the EBITDA margin of the company declined by 45 bps and stood at 2.90% in FY24(P) compared to 3.35% in FY23 on account of lower margin earned on traded goods. The PAT margin of the company remained same at 1.20% during FY24(P) as that was in FY23.



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- **Moderate financial risk profile**

The TNW of the company stood at Rs. 39.76 crore as on March 31, 2024(P), which increased from Rs. 34.98 crore as on March 31, 2023, on account of accretions of profits to general reserve and unsecured loans to the tune of Rs.1.40 crore as on March 31, 2024 have been considered as quasi-equity as the same are subordinated to bank debt. The total debt stood at Rs. 105.21 crore as on March 31, 2024(P), which increased from Rs. 89.27 crore as on March 31, 2023, on account of higher utilization of working capital bank borrowings along with infusion of unsecured loan during the year. The capital structure of the company stood moderate marked by overall gearing ratio of 2.62x as on March 31, 2024(P), moderated from 2.53x as on March 31, 2023, on account of increase in total debt of the company. The TOL/TNW also moderated from 2.65x as on March 31, 2023, to 2.74x as on March 31, 2024(P). The debt protection metrics of the company stood comfortable marked by Interest Coverage Ratio of 2.23x in FY24(P) as against 1.88x in FY23. The DSCR was 1.66x in FY23, which moderated to 1.54x in FY24(P).

B. Key Rating Weaknesses

- **Highly fragmented and cyclical nature of the industry**

The agro commodity sector is highly fragmented with presence of numerous small players and low entry barriers. The returns in this sector tend to be cyclical due to the inherent nature of agro based industry. Seasonal factors have a direct bearing on crop production and incidence of infestation also affects the demand.

- **Customer concentration risk**

Agrigo Trading Private Limited is exposed to high customer concentration risk with a few clients (Tamil Nadu Civil Supplies Corporation and National Cooperative Consumers) contributing to a significant portion of the Company's turnovers. The company's prime customers are the government contractors and suppliers to the government entities of Tamil Nadu and Andhra Pradesh. However, this client is among the major suppliers to government agencies and its established relationship with the company leads to continuous business.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies.](#)



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[Criteria on 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 company's liquidity is comfortable marked by 82.15% average utilisation of fund-based limits during the past 12 months ended July 2024. Further, the company expects sufficient cushion in cash accruals against its debt repayments. The company is expecting GCA in the range of Rs. 6.19 crore- Rs. 7.77 crore during FY25-27 against debt obligation of Rs. 0.75-0.17 crore during FY25-27. The company has a Current Ratio of 1.39x as on March 31, 2024, compared to 1.35x as on March 31, 2023. The Working Capital Cycle of the company stood at 96 days in FY24 which was 138 days in FY23. The unencumbered cash and bank balance stood at Rs. 3.60 crore as on July 31, 2024.

About the Company

Agrigo Trading Private Limited (ATPL), founded in 2001, is a company that trades in agricultural products like sugar, maize, rice, wheat, and spices. It used to be called Barath Agri International Trading Private Limited until it changed its name on August 28, 2019. The promoters handle everything from applying for tenders to executing orders and procuring products. ATPL gets most of its orders through its network of brokers and through online bidding for government contracts. The company's main office is in Chennai, with branches in different locations across India.



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Financials (Standalone):

(Rs. crore)

| For the year ended/ As on* | 31-03-2023 | 31-03-2024 |
|----------------------------|----------------|--------------------|
| | Audited | Provisional |
| Total Operating Income | 231.64 | 398.74 |
| EBITDA | 7.76 | 11.56 |
| PAT | 2.79 | 4.77 |
| Total Debt | 89.27 | 105.21 |
| Tangible Net Worth | 34.98 | 39.76 |
| EBITDA Margin (%) | 3.35 | 2.90 |
| PAT Margin (%) | 1.20 | 1.20 |
| Overall Gearing Ratio (x) | 2.53 | 2.62 |
| Interest Coverage (x) | 1.88 | 2.23 |

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

India Ratings and Research Private Limited vide its press release dated July 14th, 2024, has classified the ratings of the company under Issuer Not Cooperating category on account of non-submission of relevant information.

Any other information: Not applicable

Rating History for last three years:

| Sr. No. | Name of Security/Facilities | Current Ratings (Year 2024-2025) | | | 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 |
| | | | | | September 19, 2023 | June 21, 2022 | - |
| 1. | Fund Based Limits | Long Term | 31.83 | IVR BBB/Stable | IVR BBB/Stable | IVR BBB/Stable | - |
| 2. | Non-Fund Based | Short Term | 30.38 | IVR A3+ | IVR A3+ | IVR A3+ | - |

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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).

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.

For more information and definition of ratings please visit www.infomerics.com.

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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 |
|--------------------------------|------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| GECL | - | - | - | June 2027 | 1.83 | IVR BBB/Stable |
| Cash Credit | - | - | - | - | 30.00 | IVR BBB/Stable |
| Letter of Credit | - | - | - | - | 30.00 | IVR A3+ |
| Proposed | - | - | - | - | 0.38 | IVR A3+ |

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Agrigo-sep24.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

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.