



## Press Release

### Agrigo Trading Private Limited (ATPL)

June 21, 2022

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Fund Based Facilities – Cash Credit	20.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Short Term Non-Fund Based Facility – Letter of Credit	20.00	IVR A3+ (IVR Single A Three Plus)	Reaffirmed	Simple
Short Term Bank Facilities – CEL	0.25	IVR A3+ (IVR Single A Three Plus)	Reaffirmed	Simple
Long Term Bank Facilities – Demand Loans (CECL & GECL)	3.28 (Reduced from 6.00)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Proposed Long Term Bank Facility – Proposed Cash Credit	0.00 (Previously INR2.75)	-	Withdrawn*	Simple
<b>Total</b>	<b>43.53 (Forty-Three Crore and Fifty-Three Lakhs Only)</b>			

*\*Withdrawn as the company has not availed the facility as envisaged.*

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The aforesaid rating to the bank facilities of Agrigo Trading Private Limited (ATPL) continues to derive strength from established track record and experienced management, Modest financial risk profile, and augmentation in business risk profile. However, the rating strengths are partially offset by highly fragmented and cyclical nature of the industry, customer concentration risk.



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### **Key Rating Sensitivities:**

#### **Upward Factors**

- Sustained improvement in revenue and profitability while maintaining the debt protection metrics.
- Improvement in working capital cycle and liquidity profile of the company

#### **Downward Factors**

- Any 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:**

ATPL has a proven track record of about two decades in the business. The promoters of the company, Mr. Ananth Vummidi and Mr. Barath Vummidi have a combined experience of about four decades in the line of activity. Altogether, their overall knowledge and managerial experience, and them being assisted by a team of experienced and qualified professionals gives an advantage to ATPL in better procurement and efficient execution.

##### **Modest financial risk profile:**

The financial risk is moderate marked by moderate gearing levels and comfortable debt protection metrics. The net worth of the company stood at INR 34.33 crores as on 31st March 2021 as against INR 27.03 crores as on 31st March 2020. The company's debt protection metrics remains healthy on account of comfortable profitability measures. The company's debt limits are exposed to working capital facilities. Its total debt stood at INR 33.41 crores as of March ended 2021. Adjusted gearing ratio remains at 0.97x in FY21 compared to 0.81x in FY20. The ISCR remained stable in FY21 at 2.38x as against 2.32x in FY20.

##### **Augmentation in business risk profile:**

The operations of the Company have improved, marked by an increase in the operating income to INR216.07 Crore in FY22(Provisional sales figure) when compared to INR191.31 Crore in FY21. In addition to this, the Company reported EBITDA margins of 3.83% in FY21



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compared to 3.38% in FY20. The improvement in the business risk profile is on account of stabilized business operations and healthy demand for the products in the market.

### **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. Indian agriculture sector is highly monsoon dependent. Seasonal factors have a direct bearing on crop production and incidence of infestation which affects the demand. Moreover, changes in Government regulations pertaining to the industry can impact the industry dynamics

#### **Customer concentration risk:**

ATPL is exposed to high customer concentration risk with a single client contributing to a significant portion of the Company's turnovers. ATPL's prime customers are the government contractor and suppliers to the government of Tamil Nadu. 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](#)

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

#### **Liquidity – Adequate**

The Company has adequate liquidity profile marked by comfortable net cash accruals to its maturing debt obligations. Company's working capital limits are utilized to the extent of ~85% during the past 12 months ended May 2022. The current ratio of the Company remained strong at 1.62x as on March 31st, 2021. The Cash & Bank balances stood moderate at INR 2.65 Crore as on March 31st, 2021.



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### **About the Company**

Incorporated in 2001, Agrigo Trading Private Limited (ATPL) is engaged in the trading of various agricultural commodities such as sugar, maize, rice, wheat and spices. The name of the company was changed in August 2019 from Barath Agri International Trading Private Limited. ATPL is promoted by the Vummidi family, which is based in Chennai. The company majorly gets orders through own network of brokers and orders from government agencies through online bidding.

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

(INR Cr.)		
For the year ended/ As On*	31-03-2020 (Audited)	31-03-2021 (Audited)
Total Operating Income	235.34	191.65
EBITDA	7.95	7.34
PAT	2.80	2.62
Total Debt	25.74	33.41
Tangible Net worth	27.03	29.65
EBITDA (%)	3.38	3.83
PAT (%)	1.19	1.37
Gearing Ratio (x)	0.81	0.97

*\*Classification as per infomerics' standards*

### **Status of non-cooperation with previous CRA:**

India Ratings & research in its press release dated July 16th, 2022, has continued the rating of ATPL in "Issuer Not Cooperating" category

**Any other information:** Not Applicable



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### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21 (March 22, 2021)	Date(s) & Rating(s) assigned in 2018-19 (February 04, 2020)
1.	Long Term Fund Based Facilities – Cash Credit	Long Term	20.00	IVR BBB/ Stable	--	IVR BBB/ Stable	IVR BBB/ Stable
2.	Short Term Non-Fund Based Facility – Letter of Credit	Short Term	20.00	IVR A3+	--	IVR A3+	IVR A3+
3.	Short Term Bank Facilities – CEL	Short Term	0.25	IVR A3+	--	IVR A3+	IVR A3+
4.	Long Term Bank Facilities – Demand Loans (CECL & GECL)	Long Term	3.28	IVR BBB/ Stable	--	IVR BBB/ Stable	--
5.	Proposed Long Term Bank Facility – Proposed Cash Credit	Long Term	-	Withdrawn	--	IVR BBB/ Stable	--

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.



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Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Cash Credit	-	-	-	20.00	IVR BBB/ Stable
Short Term Non-Fund Based Facility – Letter of Credit	-	-	-	20.00	IVR A3+
Short Term Bank Facilities – CEL	-	-	-	0.25	IVR A3+
Long Term Bank Facilities – Demand Loans (CECL & GECL)	-	-	Varies from Sept 22 - Sept 2024	3.28	IVR BBB/ Stable
Proposed Long Term Bank Facility – Proposed Cash Credit	-	-	-	-	Withdrawn

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable





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**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/Len-Agrigo-Trading-june22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** 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](http://www.infomerics.com).

