



Press Release

TLG Agro Traders Private Limited

December 11, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	48.55 (Enhanced from Rs. 43.40 Crore)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Short term Bank Facilities	5.60	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	
Total	54.15 (Enhanced from Rs. 49.50 Crore) (Rupees Fifty – Four Crore and Fifteen 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 has revised its analytical approach from Standalone for TLG Agro Traders Private Limited to Combined for TLG Agro Traders Private Limited and TLG Overseas (referred to as TLG Agro Group) based on common promoters' group, manufacturing facilities in same location, similar line of business between the entities and fungibility of cash flows between entities.

Infomerics Ratings has reaffirmed its rating assigned to the Bank facilities of TLG Agro Traders Private Limited. The ratings derive strength from extensive experience of promoters in rice milling industry, stable demand prospects for rice, comfortable capital structure and presence in major rice-growing area results in easy availability of paddy. The rating strengths are, however, constrained by the moderate working capital intensive nature of operations, highly competitive industry with agro climatic risk, changes in the Government regulations & exposure to foreign exchange fluctuations.



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The outlook has been recommended as stable due to stable business operation and good track record of promoters.

Key Rating Sensitivities:

Upward Factors

- Significant improvement in scale of operation with improvement in profitability.
- Improvement in capital structure.

Downward Factors

- Deterioration in working capital cycle and liquidity profile of the company.
- Substantial decline in profitability impacting debt protection matrix and liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of promoters in rice milling industry:**

The Promoter of the TLG Agro Group, Mr. Ripan Goel have 4 decades of experience and directors of the company Ms. Meenakshi Goel & Mr. Janesh Garg have 3 decades of extensive experience in the rice industry which has helped the company to maintain strong relations with its customers as well as with its suppliers.

Further, promoters having more than a decade of operational track record has helped the company to establish strong market position. Ms Muskan Garg one of the partner of TLG Overseas, has a decade of experience in financial acumen and she manages operations of the company.

- **Stable Demand Prospects for Rice:**

The demand prospects for rice industry are expected to remain stable as rice is a staple food grain and India is the world's second largest producer and one of the top exporter in global rice trade.

- **Comfortable capital structure**



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Capital structure comprised of mainly working capital limits and significant amount of unsecured loans infused by promoters and related parties. Infomerics has considered the amount of unsecured loans as quasi equity. The capital structure of the group (combined for TLG Agro Traders Pvt Ltd and TLG Overseas) remained comfortable over the years marked by its comfortable overall gearing ratio at 1.83x as on March 31, 2024 (1.54x as on March 31, 2023) & the TOL to ATNW stood at 1.95x as on March 31, 2024 (1.83x as on March 31, 2023). The debt protection metrics of the group remained comfortable marked by interest coverage of 2.30x as on March 31, 2024 (2.65x as on March 31, 2023) and DSCR of 2.11 as on March 31, 2024 (2.44x as on March 31, 2023).

The capital structure of TLG Agro Traders Pvt Ltd is moderate, marked by the overall gearing ratio of the company remained at 2.06x as on March 31, 2024 & TOL/TNW stood at 2.19x as on March 31, 2024 (against 1.60x as on March 31, 2023 & 1.81x as on March 31, 2023 respectively)

- **Presence in major rice-growing area results in easy availability of paddy**

TLG's paddy processing unit is in Moga District of Punjab which counts amongst the key rice growing regions of the country entailing location advantage with respect to the key raw material availability and logistics. Further, most of the customers of the entity also remain in the vicinity of the processing units.

Key Rating Weaknesses

- **Moderate working capital intensive nature of operations:**

Operations of the company or the TLG Agro group are moderately working capital intensive as reflected in its operating cycle of 191 days in FY24 & 141 days in FY23. This is because of high Inventory days of 142 days & 124 days for FY24 & FY23 respectively.

- **Highly competitive Industry with agro climatic risk**



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The Rice processing industry is highly competitive and fragmented industry because of several organised and unorganised players. For rice milling, paddy is the main raw material, and it is a seasonal crop and production of the same is highly dependent on the monsoon. Thus, any adverse weather condition like inadequate monsoon may affect the availability of the paddy and that will impact the financial risk profile of the company.

- **Changes in the Government regulations**

Government intervention through changes in minimum support price and export regulations may also exhibit an impact on the paddy price movement, ability to pass on the same to the customers remains critical

- **Exposure to foreign exchange fluctuations**

The company derives a major portion of its income from exports, due to that company will remain exposed to currency fluctuation to the extent of unhedged exposure. However, the company has a hedging mechanism in place to reduce exposure to foreign exchange fluctuations.

Analytical Approach: Combined.

For arriving at rating, Infomerics has taken combined financials of TLG Agro Traders Private Limited and TLG Overseas together (referred to as TLG Agro Group), based on common promoters' group, manufacturing facilities in same location, similar line of business between the entities and fungibility of cash flows between entities.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Criteria for Consolidation of companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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



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Liquidity – Adequate

The liquidity of the company is expected to remain Adequate in the near to medium term in view of sufficient cash accruals vis-à-vis insignificant debt repayment obligations. The operations are moderately working capital intensive which has led to high reliance on working capital limits. The fund based average working capital utilization was at ~ 76.29% during the last twelve months ended September 2024.

About the Company

TLG Agro Traders Private Limited is a Punjab based company, Incorporated in 2008 and being promoted by Mr.Ripan Goyal & Mr.Sudhir Goyal. The company is engaged in the milling and processing of Basmati & Non-Basmati Rice. TLG has the processing facility in Punjab's Moga district with an installed capacity of 28 TPH. The company's 50% of the revenue come from export sales to Dubai, Oman & New Zealand

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	337.28	286.11
EBITDA	15.40	18.64
PAT	6.61	6.87
Total Debt	91.01	131.23
Tangible Net Worth	56.94	63.81
EBITDA Margin (%)	4.56	6.52
PAT Margin (%)	1.96	2.40
Overall Gearing Ratio (x)	1.60	2.06
Interest Coverage (x)	2.92	2.42

* Classification as per Infomerics' standards.

Financials (Combined):

(Rs. crore)



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For the year ended/ As on*	31-03-2023	31-03-2024
	UnAudited	UnAudited
Total Operating Income	375.26	329.92
EBITDA	19.61	24.50
PAT	8.04	8.54
Total Debt	99.95	152.41
Tangible Net Worth	30.69	39.19
EBITDA Margin (%)	5.23	7.43
PAT Margin (%)	2.14	2.58
Overall Gearing Ratio (x)	1.54	1.83
Interest Coverage (x)	2.65	2.30

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Brickwork Ratings has migrated the ratings of TLG Agro Traders Pvt Ltd in the 'Issuer not cooperating' category vide its press release dated February 29, 2024, due to non-availability of information and lack of cooperation.

Crisil Ratings has migrated the ratings of TLG Agro Traders Pvt Ltd in the 'Issuer not cooperating' category vide its press release dated June 24, 2024, due to non-availability of information and lack of cooperation.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (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 T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Date (October 30, 2023)	Date (Sept 30, 2022)	Date (Aug 12, 2022)
1.	Long term bank facility – Cash Credit	Long Term	45.40	IVR BBB- / Stable	IVR BBB- / Stable	IVR BBB- / Stable	IVR BBB- / Stable
2.	Long term bank facility – Term Loan	Long Term	2.35	IVR BBB- / Stable	IVR BBB- / Stable	-	-
3.	Long term bank facility – Car Loan	Long Term	0.80	IVR BBB- / Stable	IVR BBB- / Stable	-	-
4.	Short term bank facility – Expo Gold Card	Short Term	5.60	IVR A3	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
Cash Credit	-	-	-	Revolvin g	45.40	IVR BBB-/ Stable
Term Loan	-	-	-	May 2031	2.35	IVR BBB-/ Stable
Car Loan	-	-	-	-	0.80	IVR BBB-/ Stable
Expo Gold Card	-	-	-	-	5.60	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-TLGAgro-dec24.pdf>

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

Name of the Security	Detailed Explanation
Financial Covenant	
i.	
ii.	
Non-financial Covenant	
i.	
ii.	

Annexure 4: List of companies considered for Combined analysis:

Name of the Company/Entity	Combined Approach
TLG Agro Traders Pvt Ltd	Fully
TLG Overseas	Fully

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.