



Press Release

Royal Agro Farm

June 03, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1	Bank Facilities– Long Term	17.04*	IVR BB+/Stable, Issuer Not Cooperating* (IVR Double B Plus with Issuer Not Cooperating)	Rating revised from IVR BBB-/ Stable and moved to Issuer Not Cooperating (IVR Triple B Minus with Stable Outlook)
2	Proposed Bank Facilities – Long Term	27.36	IVR BB+/Stable, Issuer Not Cooperating* (IVR Double B Plus with Issuer Not Cooperating)	Rating revised from IVR BBB-/ Stable and moved to Issuer Not Cooperating (IVR Triple B Minus with Stable Outlook)
Total		44.40		

**includes sub-limit as FLC of Rs.2.83 crore for import of machinery*

Detailed Rationale

The rating has been revised because of lack of adequate information regarding performance of Royal Agro Farm and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other users of this rating are requested to exercise adequate caution while using this rating as this rating may not adequately reflect the current credit risk profile of the company, despite the rating revision.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data including FY2020 (Audited) & FY2021 (Provisional), results to monitor its assigned rating to the bank facilities, vide multiple E-mail communications (last dated May 03, 2021) and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted the essential details. Accordingly, the lenders, investors and other users of this rating are requested to exercise adequate caution while using



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this rating as this rating may not adequately reflect the current credit risk profile of the company.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics must assign the rating based on the best available information. Accordingly, the long-term ratings for the bank loan facilities of Royal Agro Farm aggregating to Rs.44.40 crore shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as IVR BB+; Issuer Not Cooperating; Based on best available information.

Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for Manufacturing Companies.

Financial Ratios & Interpretation (Non-financial Sector).

Guidelines on what constitutes Non-Cooperation by clients.

About the firm

Royal Agro Farms (RAF) was established in May 2017 as a partnership firm by partners and first-generation entrepreneurs Mr. M. S. Sunther and Mrs. Sivagami Sunther. Both the partners are involved in diversified businesses like Solar Projects, vehicle dealerships, logistics and food processing through their other entities. RAF is engaged in poultry business. It has its registered office based in Kilpauk district of Chennai. The firm majorly is selling its products (Broiler, Chick, Cull Birds, Hatching Eggs, etc.) in Tamil Nadu and Andhra Pradesh. Currently, the firm has tie-ups with around 600-700 farms and has about 18 branches of its own divided into 3 zones in Tamil Nadu, Chittor and Anakel.



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Financials (Standalone):

(Rs. In Crore)

For the year ended* / As On	31-03-2019 (Audited)	9MFY20 (CA-Certified)
Total Operating Income	11.47	177.43
EBITDA	2.01	6.43
PAT	0.53	3.40
Total Debt	16.85	17.16
Tangible Net worth	44.48	68.37
EBITDA Margin (%)	17.53	3.62
PAT Margin (%)	4.57	1.92
Overall Gearing Ratio (x)	0.38	0.25

Status of non-cooperation with previous CRA: N.A.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Cash Credit	Long Term	30.00	IVR BB+/Stable Outlook, Issuer not Cooperating	IVR BBB-/Stable (March 13, 2020)	-	-
2.	Term Loan	Long Term	14.40	IVR BB+/Stable Outlook, Issuer not Cooperating	IVR BBB-/Stable (March 13, 2020)	-	-



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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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



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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
Long Term Bank Facilities—Cash Credit	NA	NA	NA	30.00	IVR BB+/Stable, Issuer not Cooperating
Long Term Bank Facilities—Term Loan	NA	NA	June, 2027	14.40	IVR BB+/Stable, Issuer not Cooperating