

Arnav Agrotech

October 18, 2022

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Rating ¹ | Rating Action |
|------------------------------|--|--|--|
| Long Term Bank Facilities | 0.80 | CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable; ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable (Single B; Outlook: Stable) |
| Short Term Bank Facilities | 4.50 | CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Total Bank Facilities | 5.30 (Rs. Five Crore and Thirty Lakhs Only) | | |

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated September 08, 2021, placed the rating(s) of Arnav Agrotech (AA) under the 'issuer non-cooperating' category as AA had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. AA continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated July 25, 2022, August 04, 2022, August 14, 2022.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of AA have been revised on account of non-availability of requisite information.

Detailed description of the key rating drivers

Please refer to PR dated [September 08, 2021](#)

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

About the Firm

Arnav Agrotech (AA) was established as a partnership firm in 2015. The firm is engaged in milling of non-basmati rice on job-work basis for Food Corporation of India. Further, the firm also sells rice bran, husk, paddy and broken rice in the open market (which contributes around 32% of total turnover of FY20) and also engaged in trading of rice bran (which contributes around 43% of total turnover of FY20). The milling unit of Arnav Agrotech is located at Madwa gram, DistJanjgir- Champa, Chhattisgarh with processing capacity of 1,20,000 quintals per annum (QPA). The firm is promoted by Chhattisgarh based Didwania family. Currently, the firm is in process to set up a new parboiling unit. The cost of that unit is estimated to be Rs.2.00 crore which is to be funded through partners' fund of Rs.0.50 crore and term loan from bank of Rs.1.50 crore. The financial closure of the project is yet to be achieved. The entity has already spent around Rs.1.00 crore on the aforesaid project till August 19, 2020, funded entirely through partners' contribution and the same is expected to be completed by November 2020 and commercial operation was proposed to start from December 2020. Mr. Sailesh Didwania (aged, 37 years), having more than a decade of business experience looks after the day to day operations of the firm along with other partners Mr. Saurabh Didwania, Mrs. Neha Didwania and Mrs. Mamta Didwania and a team of experienced professionals who have rich experience in the similar line of business.

| Brief Financials (Rs. crore) | FY20 (Prov.) | FY21 (A) | FY22 (Prov.) | H1FY23 (Prov.) |
|------------------------------|--------------|----------|--------------|----------------|
| Total operating income | 3.32 | NA | NA | NA |
| PBILDT | 0.48 | NA | NA | NA |
| PAT | 0.24 | NA | NA | NA |
| Overall gearing (times) | 0.65 | NA | NA | NA |
| Interest coverage (times) | 8.25 | NA | NA | NA |

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

A: Audited, Prov.: Provisional, NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument/facility: Annexure-3

Complexity level of various instruments rated for this firm: Annexure-4

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating Assigned along with Rating Outlook |
|------------------------------------|------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Cash Credit | | - | - | - | 0.50 | CARE B-; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan | | - | - | April 2021 | 0.30 | CARE B-; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bank Guarantee | | - | - | - | 4.50 | CARE A4; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/ Bank Facilities | Current Ratings | | Rating History | | | | |
|---------|---|-----------------|--------------------------------|--|---|---|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 | Date(s) and Rating(s) assigned in 2019-2020 |
| 1 | Fund-based - LT-Cash Credit | LT | 0.50 | CARE B-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B; Stable; ISSUER NOT COOPERATING* (08-Sep-21) | 1)CARE B+; Stable (24-Aug-20) | 1)CARE B+; Stable (06-Nov-19) |
| 2 | Fund-based - LT-Term Loan | LT | 0.30 | CARE B-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B; Stable; ISSUER NOT COOPERATING* (08-Sep-21) | 1)CARE B+; Stable (24-Aug-20) | 1)CARE B+; Stable (06-Nov-19) |
| 3 | Non-fund-based - ST-Bank Guarantee | ST | 4.50 | CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE A4; ISSUER NOT COOPERATING* (08-Sep-21) | 1)CARE A4 (24-Aug-20) | 1)CARE A4 (06-Nov-19) |

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of rated instrument/facility: Not Applicable

Annexure-4: Complexity level of various instruments rated for this firm

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|------------------------------------|------------------|
| 1 | Fund-based - LT-Cash Credit | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Non-fund-based - ST-Bank Guarantee | Simple |

Annexure-5: Bank Lender Details for this firm

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact

Name: Mr. Mradul Mishra
Contact no.: +91-22-6754 3596
Email ID: mradul.mishra@careedge.in

Analyst Contact

Group Head Name: Shachee Nakul Vyas
Group Head Contact no.: 079-40265665
Group Head Email ID: shachee.tripathi@careedge.in

Relationship Contact

Name: Lalit Sikaria
Contact no.: 91-033- 40181600/22831803
Email ID: lalit.sikaria@careedge.in

About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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