

## Bhagwati Trading Company

April 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	9.62 (Enhanced from 2.12)	CARE BB; Stable	Upgraded from CARE BB-; Stable
Long Term / Short Term Bank Facilities	67.00 (Reduced from 75.88)	CARE BB; Stable / CARE A4	LT rating upgraded from CARE BB-; Stable and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in ratings assigned to the bank to the bank facilities of Bhagwati Trading company (BTC) considers growth in the scale of operations and improvement profitability in the during FY25 (FY refers the period from April 01 to March 31) and 10MFY26. Ratings assigned to the bank facilities of BTC remains constrained on account of its leveraged capital structure and moderate debt coverage indicators. Ratings are further constrained by its presence in a highly fragmented and competitive industry with low entry barriers along with thin profitability margins and its nature of constitution as a partnership firm and stretched liquidity. Ratings, however, derive strength from experienced partners with well-established operational track record in the industry, moderate scale of operations and lower customer and supplier concentration risk.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained improvement in scale of operations to above ₹450 crore along with improvement in Profit before interest, lease, depreciation and tax (PBILDT) margin above 3%
- Improvement in the liquidity with the low reliance in the external borrowing for funding working capital requirement.

#### Negative factors

- Deterioration in overall gearing beyond 3 times.
- Any significant capital withdrawal impacting overall liquidity of the firm.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook on the long-term rating reflects CARE Ratings Limited' (CareEdge Ratings) expectation that the firm will continue to benefit from established track record of partners in the food processing industry.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Leveraged capital structure and moderate debt coverage indicators

The entity's capital structure continues to remain leveraged as marked by an overall gearing of 2.85x as on March 31, 2025 (2.93x as on March 31, 2024) with high reliance on external debt. Its debt profile largely comprises working capital debt. The total outside liabilities to net worth stood high at 2.90x as on March 31, 2025 (3.17x as on March 31, 2024).

Further, the debt coverage indicators of BTC remained moderate as marked by PBILDT interest coverage ratio of 1.33x total debt to PBILDT of 9.50x in FY25 as against 1.11x and 15.83x respectively in FY24.

##### Presence in a highly fragmented and competitive industry with low entry barriers

The agri-commodity industry is highly fragmented and has presence of large nos. of players with the limited entry barrier. Furthermore, profitability of the firm is inherently exposed to the volatile agri commodity prices, on which firm has no control. The same limits the profitability to certain extent.

BTC's operating profitability exhibited a stable trend however, remained moderate owing to low value-added nature of business. Also, with the comparatively high depreciation and interest cost, profit after tax (PAT) margin also stood thin. Consequent to its profitability, gross cash accruals (GCA) also remained thin at ₹1.44 crore in FY25 (FY24: ₹1.01 crore).

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

### Partnership nature of constitution

Being a partnership firm, BTC is exposed to inherent risk of partners' capital being withdrawn, and firm being dissolved upon the death/retirement/insolvency of partners which may affect financial flexibility of the firm. However, during FY25, partners have infused capital to the tune of ₹ 4.60 crore, as against addition of capital of ₹ 7.63 crore in FY24.

### Key strengths

#### Experienced Partners with well-established operational track record in the industry

BTC is promoted by Alpesh K. Kesaria and Rekhaben Kesaria, Managing Partners, who look after overall operations. Their extensive overall business experience of more than one and half decade in manufacturing and trading of groundnut and groundnut oil is expected to support the business.

#### Growing scale of operations and improving profitability albeit moderate customer concentration risk

BTC's scale of operations expanded significantly in FY25, with total operating income (TOI) rising to ₹316.88 crore from ₹212.96 crore in FY24, reflecting a robust year-on-year growth of approximately 49%, primarily driven by higher export and manufacturing sales. Further BTC reported TOI of ₹273.66 crore till January 31, 2026 (provisional) with PBILDT margin of 4.72%. Apart from domestic sales, firm also exports its products to various markets like China, Vietnam etc. Exports contributed to 53% of total sales for FY25 (FY24: 45%). Going forward, scale of operations is expected to grow further on account of additional capex to be completed in April-May 2026. The said capex will increase its installed capacity from existing 200 tonne per day for groundnut seeds to 400 tonne per day for the same. The capex is envisaged to be completed by May 2026. The total cost of capex is ₹ 11.62 crore to be funded by term loan of ₹7.62 crore and balance through partner's capital. The customer concentration risk remains moderate with top 5 customers contributing 47% of total revenue in FY25.

#### Liquidity: Stretched

BTC has stretched liquidity marked by negative cash flow from operations, high utilization of working capital limits and low cash and bank balance as on March 31, 2025. Firm is envisaged to generate GCA of around ₹ 5-10 crore for FY26-FY28 as against scheduled repayment of ₹ 1-1.5 crore for the said period. Cash flow from operations was negative at ₹7.50 crore in FY25 (FY24: negative at ₹ 33.33 crore) and the unencumbered cash and bank balance low was around ₹ 0.02 crore as of March 31, 2025 (₹ 0.29 crore as on March 31, 2024). Further, the average month end utilization of working capital limits remained at 87% for trailing 12 month period ended on December 31, 2025. The current ratio and quick ratio stood at 1.30x and 0.47x respectively as on March 31, 2025.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks :** Not applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the firm and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Other Food Products

Rajkot (Gujarat) based Bhagwati Trading Company (BTC), was established in 2007 as a partnership firm by Mr. Alpesh K. Kesaria and Ms. Rekhaben Kesaria. BTC is engaged into trading and manufacturing of groundnut seeds and groundnut oil etc. The manufacturing facility is located in Kuvadava, Rajkot, Gujarat.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	10MFY26 (UA)
Total operating income	212.96	316.88	273.66
PBILDT*	3.31	7.17	13.07
Profit after tax (PAT)	0.56	0.74	NA
Overall gearing (x)	2.93	2.85	NA
Interest coverage (x)	1.11	1.33	2.82

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** None

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-LT/ST	-	-	-	-	67.00	CARE BB; Stable / CARE A4
Term Loan-Long Term	-	-	-	Mar 2032	9.62	CARE BB; Stable

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-LT/ST	LT/ST	67.00	CARE BB; Stable / CARE A4	1)CARE BB-; Stable / CARE A4 (09-Apr-25)	-	-	-
2	Term Loan-Long Term	LT	9.62	CARE BB; Stable	1)CARE BB-; Stable (09-Apr-25)	-	-	-

LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-LT/ST	Simple
2	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

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

### Contact us

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