

Agrawal Traders

October 21, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.97	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	5.97 (₹ Five Crore and Ninety-Seven Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE has been seeking information from Agrawal Traders (AT) to monitor the rating vide email communications dated October 12, 2022, October 06, 2022, October 03, 2022, September 08, 2022, and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Agrawal Traders' bank facilities will now be denoted as CARE B; Stable; ISSUER NOT COOPERATING.

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

Detailed description of the key rating drivers

Susceptibility to fluctuation in raw material prices

The total raw material cost accounts for major portion of total cost of sales for last three years ended on FY21. The basic raw material used for production of cotton seed oil and cake is cotton seed. The seasonality of the raw material accounts majorly for the variation in price of the same. However, the company manages to pass the increase in the raw material prices to its customers.

Presence in a highly fragmented and competitive industry

AT operates in an industry characterized by high competition due to low entry barriers, high fragmentation and the presence of a large number of players in the organized and unorganized sector. Thus, the entities present in the segment generally have a very low bargaining power vis-à-vis their customers.

Constitution as a proprietorship nature of firm limiting financial flexibility

AT being a proprietorship firm, is closely held and is subject to limited disclosure norms. Furthermore, owing to the constitution of the entity, it is exposed to the risk of withdrawal of capital as well as long-term existence of business operations under the entity.

Key rating strengths

Experienced promoter with long and established track record of over three decades in the industry

The entity has experienced promoter with long and established track record of over three decades in the industry. The firm promoted by Mr. Sanjay Agrawal having an experience of over three decades in the industry. AT has a track record of around 16 years in trading and processing of cotton seed oil and has reinforced its footings in the business with a sound base.

Support from group entity

Mr. Sanjay Agrawal is a partner in Agrawal Oil and General Industries(AO) which is also in the same line of business. Moreover, AT utilizes facility owned by AO for its manufacturing purposes. AT also utilizes the machineries at AO to produce cotton seed oil and the processing fees for the same is paid accordingly. The processed cotton seed oil is then sold to retailers in different parts of the country.

Liquidity: Stretched

Although current ratio stood at 1.39x at FY21 end, however, due to higher inventory holding on account of trading nature of operations / seasonality of raw materials, quick ratio stood at 0.26x as on March 31, 2021. Moreover, the working capital cycle of the company stood at 83 days as at the end of FY21 as compared to 118 days during FY20. Free cash & cash equivalents stood negligible at Rs.0.04 crore.

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

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)
[Policy on default recognition](#)
[Rating Outlook and Credit Watch](#)
[CARE's methodology for manufacturing companies](#)
[Rating Methodology - Wholesale Trading](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Financial ratios - Non-Financial Sector](#)

About the company

AT was established by Mr. Sanjay N Agrawal in 2006 and is engaged in the business of trading and manufacturing of cotton seed oil. It procures cotton seed from cotton ginning and pressing factories located in and around Amravati, Maharashtra.

Brief Financials (₹ crore)	March 31, 2020 (A)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23(UA)
Total operating income	35.13	38.65	NA	NA
PBILDT	-1.60	0.57	NA	NA
PAT	-2.26	0.10	NA	NA
Overall gearing (times)	3.67	3.72	NA	NA
Interest coverage (times)	-2.43	1.21	NA	NA

A: Audited, NA: Not Available, UA: Unaudited

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

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

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	5.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	05-10-2024	0.97	CARE B; Stable; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the 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 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	5.00	CARE B; Stable; ISSUER NOT COOPERATING *	-	1)CARE B; Stable (06-Oct-21) 2)CARE B-; Stable; ISSUER NOT COOPERATING * (08-Jun-21)	-	1)CARE B; Stable; ISSUER NOT COOPERATING * (09-Mar-20)
2	Fund-based - LT-Term Loan	LT	0.97	CARE B; Stable; ISSUER NOT COOPERATING *	-	1)CARE B; Stable (06-Oct-21)	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Available

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

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this company

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

Note on complexity levels of the rated instruments: CARE Ratings 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.

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About us:

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