

Press Release

Gajendra Pulse Mills

January 19, 2021



Rating Withdrawn

Total Bank Facilities Rated*	Rs.8.17 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)

* Refer Annexure for details

Acuité has withdrawn the long term rating of '**ACUITE B+** (**read as ACUITE B plus**) on the Rs.8.17 crore bank facilities of Gajendra Pulse Mills (GPM). The rating withdrawal is in accordance with Acuité's 'policy on withdrawal of rating'.

The rating is being withdrawn on account of request received from the company and NOC received from the bank.

Gujarat based, Gajendra Pulse Mills (GPM) is a partnership firm established in 1991 and taken over by the current partners in 2001. The partners are Mr. Bhikhabhai Patel, Mr. Jayantibhai Patel, Mr. Mahendrabhai Patel, Mr. Rakeshbhai Patel and Mr. Yogeshkumar Patel. The firm is engaged in trading of pulses. The firm sells the products under two brand names; 'Palan' and 'Pranam'.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of GPM to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management**

GPM was established in 1991, thus having operational track record of 28 years in agricultural industry. The firm was then taken over in 2001 by current partners who possess over a decade of experience in the agricultural industry. Acuité believes that the firm will continue to benefit from the partner's established presence in the industry over the medium term.

Weaknesses

- **Average financial risk profile**

The firm has average financial risk profile marked by modest networth, moderate gearing and average debt protection metrics. The net worth stood at Rs.4.87 crore as on 31 March, 2020 (Provisional) as against Rs.4.48 crore as on 31 March 2019. The company has followed a moderately aggressive financial policy in the past, the same is reflected through its gearing levels of 1.89 times as on March 31, 2019. The gearing stood at 1.70 times as on March 31, 2020(Provisional). Further, the interest coverage ratio remained stable at 1.32 times for FY2020(Provisional) as compared to 1.34 times for FY2019. Total outside liabilities to total net worth (TOL/TNW) stood at 2.22 times as on 31 March, 2020(Provisional) as against 1.98 times as on 31 March, 2019.

Acuité believes that the financial risk profile of the firm is likely to remain average over the medium term, on account of moderate gearing and average debt protection metrics.

- **Working capital intensive nature of operations**

The firm's operations are moderately working capital intensive in nature as reflected in Gross Current Assets (GCA) of 125 days in FY2020(Provisional) as against 107 days in FY2019. The inventory holding period remained around 76 days in FY2020 (Provisional) compared to 90 days in FY2019. The debtor days stretched to around 44 in FY2020 (Provisional) as compared to 2 days in FY2019. Acuité believes that the working capital requirements will continue to remain moderately intensive over the medium term on account of the debt collection period.

Liquidity position: Adequate

The firm has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The firm generated cash accruals of Rs.0.25 crore for FY2020 (Provisional) with no significant debt repayment obligation for the same period. The company's working capital operations are moderately intensive marked by 125 gross current asset (GCA) days for FY2020 (Provisional). The average bank limit utilization for the past six months ended December 2020 stood at ~92.10 percent. The firm maintains unencumbered cash and bank balances of Rs.0.01 crore as on 31 March 2020(Provisional). The current ratio stood at 1.37 times as on 31 March 2020(Provisional). Acuité believes that the liquidity of the firm is likely to remain adequate on account of adequate cash accrual against debt repayments over the medium term.

Rating Sensitivities:

Not Applicable

Material Covenants

None

Applicable Criteria

- Default Recognition -<https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entities-<https://www.acuite.in/view-rating-criteria-61.htm>

About the Rated Entity - Key Financials

	Unit	FY20(Provisional)	FY19(Actual)
Operating Income	Rs. Cr.	41.98	41.88
PAT	Rs. Cr.	0.06	0.05
PAT Margin	(%)	0.13	0.12
Total Debt/Tangible Net Worth	Times	1.70	1.89
PBDIT/Interest	Times	1.32	1.34

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
19-Nov-2019	Cash Credit	Long Term	8.00	ACUITE B+/Stable (Reaffirmed)
	Proposed Bank	Long Term	0.17	ACUITE B+/Stable

	Facility			(Reaffirmed)
14-Sep-2018	Cash Credit	Long Term	4.00	ACUITE B+/Stable (Assigned)
	Term Loan	Long Term	0.18	ACUITE B+/Stable (Assigned)
	Proposed Bank Facility	Long Term	3.99	ACUITE B+/Stable (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE B+ (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.17	ACUITE B+ (Withdrawn)

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About Acuité Ratings & Research:

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