



Press Release
BAGADIYA BROTHERS PRIVATE LIMITED
April 22, 2025
Rating Downgraded and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	232.72	ACUITE BBB- Stable Downgraded	-
Bank Loan Ratings	75.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	307.72	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long term rating to '**ACUITE BBB-**' (read as **ACUITE triple B minus**) from '**ACUITE BBB**' (read as **ACUITE triple B**) and reaffirmed the short term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 307.72 Cr. bank facilities of Bagadiya Brothers Private Limited. The outlook is "**Stable**".

Rationale for downgrade

The rating downgrade underpins the volatility in operating income and margin, along with reduction in realisation due to moderation in steel prices and negative operating profit in FY24. Additionally, the group has been facing inconsistent revenue mix with FY24 having almost 100% revenues from trading of iron ore fines (IOF) and iron ore pellets (IOP) and none from agricultural commodities. However, in FY25 they have resumed trading of agricultural commodities i.e. par boiled rice to Government of Bangladesh, due to removal of ban on exports and tenders floated by Government of Bangladesh. The group has moderate financial risk profile marked by Interest coverage ratio (ICR) of 2.17 times and debt service coverage ratio (DSCR) of 1.85 times for FY2024. However, these strengths are partly offset by the intensive working capital management marked by high GCA days of 152 days for FY2024 as compared to 159 days for FY2023. Also, the operating profit of the group in FY24 stood at negative Rs.27.28 Cr. and the gain from derivatives of Rs.99.81 Cr. in Bagadiya Brothers Singapore Pte Limited has led to profit after tax of Rs.39.24 Cr. Acuite understands that gain/loss from derivative is a part of exceptional item and not operating income as a result of which the operating profit of the group has reduced.

About the Company

Established in 2002, Bagadiya Brothers Private Limited (BBPL) is a Raipur-based company engaged in trading and exports of iron ore fines (IOF), iron ore pellets (IOP) and scrap, and agri-products like rice and wheat. The board, consists of Mr. Omi Bagadiya, Mr. Anand Kumar Agarwal, Mr. Anurag Agarwal, and Mr. Pankaj Agarwal. BBPL holds the status of a Four Star Export House granted by the Government of India.

About the Group

The wholly owned subsidiary, Bagadiya Brothers Singapore Pte Limited (BBSPL), based in Singapore, procures IOF and IOP from BBPL and Australian miners for sale to international markets.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated business and financial risk profiles of Bagadiya Brothers Private Limited (BBPL) and its subsidiary, Bagadiya Brothers Singapore Pte Limited (BBSPL) to arrive at this rating. The same is on account of common management, the same line of operations and significant operational and financial linkages.

Key Rating Drivers

Strengths

Long operational track record

With over twenty years of operation since 2002, the group, led by key promoters, Mr. Omi Bagadiya, Mr. Anand Kumar Agarwal, Mr. Anurag Agarwal, and Mr. Pankaj Agarwal, boasts more than six decades of collective experience. The long standing experience of the promoters and long track record of operations has helped them to establish comfortable relationships with key suppliers and reputed customers across the continents. Acuité derives comfort from the long standing experience of the management and believes this will benefit the group going forward, resulting in steady growth in the scale of operations.

Moderate Financial Risk Profile

The tangible net worth of the group stood at Rs.285.62 Cr. as on March 31, 2024 as compared to Rs.255.73 Cr. as on March 31, 2023 due to accretion to reserves. The gearing of the group stood modest at 1.13 times as on March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.05 times as on March 31, 2024 as compared to 1.56 times as on March 31, 2023. The debt protection metrics of the group remain comfortable marked by Interest coverage ratio (ICR) of 2.17 times and debt service coverage ratio (DSCR) of 1.85 times for FY2024. The net cash accruals to total debt (NCA/TD) reduced to 0.12 times in FY2024, on account of lower accruals due to changes in revenue profile of the group. Acuité believes that the financial risk profile of the group will continue to remain healthy on account of modest capital structure and healthy debt protection metrics over the medium term.

Weaknesses

Volatility in margins with increase in operating income

The group's revenue grew by 44.44% to Rs 2,001.35 crore in FY2024, driven mainly by higher IOF/IOP volumes, with provisional revenues of Rs 1,254.05 crore till February 2025. After a dip in FY2022 due to container shortages, direct sourcing from Australian miners boosted IOF/IOP sales and exports to Singapore, Dubai, and China for BBSPL. Agricultural product revenues fell sharply in FY2024 due to a ban but resumed in FY2025, contributing ~40% of revenues alongside IOF/IOP. However, at an overall level, FY25 performance on topline has declined due to correction in price realization of IOF/IOP. Operating margins declined to -1.36% in FY2024 due to higher logistics cost reduced from 3.84% in FY23. The profit after tax margin also reduced to 1.96% in FY24 from 4.53% in FY23 owing to higher interest costs. Acuité believes that the group's profitability is expected to remain stable over the medium term on account of influx of new orders and executing higher margin orders. Also, the operating profit of the company in FY24 stood at negative Rs.27.28 Cr. and the gain from derivatives of Rs.99.81 Cr. has led to profit after tax of Rs.39.24 Cr. Acuité understands that gain/loss from derivative is a part of exceptional item and not operating income as a result of which the operating profit of the group is negative.

Average working capital management

The working capital management of the group is average marked by Gross Current Assets (GCA) of 152 days for FY2024 as compared to 159 days for FY2023. The GCA days is high on account of a high proportion of other current assets consisting of amount receivables from advance to suppliers, other loans and advances and other receivables and recoveries. The inventory days of the group stood at 49 days in FY2024 as compared to 46 days in FY2023 as the group maintains inventories of goods both for IOF/IOP and agricultural commodities for realising bills from customs and timely shipping. The debtor days stood at 21 days in FY2024 against 22 days in FY2023. Payments received from Government of Bangladesh are after 30-40 days from LC at-sight. However, the group did not experience any unpaid bills during the year, and the risk of default is mitigated by the essential nature of parboiled rice for Bangladesh's Public Distribution System. Days payable outstanding stood at 14 days against 4 days in FY2023. For commodities, payment is on advance basis and once products reach the go-down payment is within 2-3 days. For IOF, the group has to pay advance in cash as it is from mines situated in Odisha (via transit pass permit). Acuité believes that the working capital management of the group is likely to remain at similar levels.

Rating Sensitivities

- Sustainability of revenue along with improvement in profitability margins
- Elongation of working capital cycle

Liquidity Position Adequate

The group has adequate liquidity marked by adequate net cash accruals of Rs. 39.74 Cr. as on March 31, 2024 as against Rs. 4.27 Cr. long term debt obligations over the same period. The current ratio of the group stood comfortable at 1.55 times in FY2024. The cash and bank balance stood at Rs.123.12 Cr. for FY2024. The average bank limit utilization stood at ~77% for 6 months ended Jan 25. Further, the working capital management of the group is moderate marked by Gross Current Assets (GCA) of 152 days for FY2024 as compared to 159 days for FY2023. Acuite believes that the liquidity of the group is likely to remain adequate over the medium term on account of comfortable cash accruals against long debt repayments over the medium term as well as absence of any debt funded capex plans.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	2001.35	1420.10
PAT	Rs. Cr.	39.24	64.27
PAT Margin	(%)	1.96	4.53
Total Debt/Tangible Net Worth	Times	1.13	1.14
PBDIT/Interest	Times	2.17	3.86

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
23 Jan 2024	Letter of Credit	Short Term	75.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	50.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Packing Credit	Long Term	90.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Bills Discounting	Long Term	85.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Covid Emergency Line.	Long Term	7.72	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
11 Jan 2023	Letter of Credit	Short Term	75.00	ACUITE A3 (Downgraded from ACUITE A3+)
	Cash Credit	Long Term	50.00	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	PC/PCFC	Long Term	90.00	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Bills Discounting	Long Term	85.00	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)
	Covid Emergency Line.	Long Term	7.72	ACUITE BBB- Stable (Downgraded from ACUITE BBB Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	85.00	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
Union Bank of India	Not avl. / Not appl.	Covid Emergency Line.	01 Dec 2021	Not avl. / Not appl.	31 Dec 2027	7.72	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE A3+ Reaffirmed
Union Bank of India	Not avl. / Not appl.	Packing Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	90.00	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company Name
1	Bagadiya Brothers Private Limited
2	Bagadiya Brothers Singapore Pte Limited

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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