

## Press Release

### Brickwork Ratings assigns 'BWR BB' for Bank Loan Facilities aggregating to ₹ 6.16 Cr of Aarya Organic Foods & Ayurvedic Industries Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Credit Facilities of Aarya Organic Foods & Ayurvedic Industries Pvt. Ltd.

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit	3.50	Long Term (Fund Based)	BWR BB (Outlook: Stable)
Term Loans	2.66		
<b>Total</b>	<b>6.16</b>	<b>INR Six Crore and Sixteen Lakhs only</b>	

The rating factors, inter alia, the good milk procurement network through VLCs (Village Level Collection arrangement), growth of revenue and profits over the last 2 years, and low debt level. However, the rating is constrained by short track record, modest scale of operations, and low market share. Being an indirect agro industry, the business is vulnerable to vagaries of nature, as also procurement and pricing policies of Government supported or other larger dairies.

#### About the company:

Aarya Organic Foods and Ayurvedic Industries Pvt. Ltd., was incorporated in Sep 2009 by the promoters Mr. Sushil Kumar and Mr. Dheeraj Sachdeva. The company, engaged in manufacturing of packaged milk and milk products under the brand name 'Aarya' at Haridwar, commenced operations from Apr 01, 2010. The Company's milk processing unit is located at Haridwar, and has an installed capacity of 50,000 liters per day. The company also has 5 chilling centers located in Uttar Pradesh and Haryana. There are 67 distributors for its products.

#### Financials:

During FY 2011-12, the company's net revenue from operations increased substantially to ₹ 20.12 Crores from ₹ 7.29 Crores in FY 2010-11. Profit margins are low in this line of business, and the company reported PAT of ₹ 0.27 crores for FY12. The tangible net-worth is at ₹ 4 Crores as on 31.03.12, but the ratio of Total Debt : Equity ratio stood at 1.7x. As per Provisional figures for FY13, the company has registered a turnover of ₹ 35.56 crores and PAT of ₹ 0.97 crores.

Going forward, ability of the company to continue showing consistent growth in sales volumes by extended working hours, increase its operational efficiency and profitability, and improve its Net Worth and market share will be the key rating sensitivities. Any major capex

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Rating

plans, including additional processing facilities or geographical diversification requires additional promoter funding.

<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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