



Rating Rationale

M/S Aggarwals Foods India

6 Mar 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 10.06 Crores of M/S Aggarwals Foods India.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	10.06	Long Term	BWR B (BWR Single B) Outlook : Stable
Total	10.06	INR Ten Crores & Six Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of the company upto FY17, projections till FY19, publicly available information & information/clarifications as provided by the Firm.

Rating derives comfort from the firms' comfortable gearing, long experience of the partners and positive industry outlook. The rating is, however constrained by the firms' small scale of operations, low net worth & competition from other small and medium cold storage units in the region.

Going forward, the ability of the firm to improve its scale of operations, increase its revenue and profit margins along with additional infusion of capital and to manage its working capital cycle effectively shall remain the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**
 - **Experience Of Partners :** The partners of the firm Mr Praveen Aggarwal & Mr Ashish Aggarwal have a collective experience of more than one decade.
 - **Government Subsidies :** There are incentives and subsidies available to industries in Uttarakhand under Industrial Policy of State Govt. which includes exemption in income tax for 5 years, CST rebate of 1% till 2018, capital subsidy and Central subsidy after obtaining LOI from MOFPI, Government of India as availed by the firm.



● **Credit Risks:**

- **Highly Competitive Nature Of Industry :** The firm faces intense competition from the highly competitive nature of industry marked by the presence of small and medium size players in the organised & unorganised sectors.
- **Partnership Concern :** There is an inherent risk involved in a partnership concern, wherein any significant capital withdrawal may lead to an adverse capital structure.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Aggarwals Foods India** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

M/S Aggarwal Foods India is a partnership firm managed by Mr Praveen Agarwal & Mr Ashish Agarwal. The firm was established on 10th January 2014 for the purpose of carrying out the activity of frozen foods at village Shimla, Pistor, Rudrapur. It has an annual storage capacity of 2000MT . It processes & supplies frozen foods like cauliflower, okra, green peas, beans, sweet corn and onions.

Firm Financial Performance

The firm has recorded a sales & PAT of Rs 5.56cr & Rs 0.03cr in FY17 vis-a-vis Rs 5.08cr & Rs 0.00cr respectively in FY16.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based	Long Term	10.06	BWR B	NA	NA	NA



				(Outlook Stable)			
	Total		10.06	₹ Ten Crores & Five Lakhs Only			

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

Any other information - NA

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	5.56	5.08
EBITDA	₹ Cr	1.49	1.99
PAT	₹ Cr	0.03	0.00
Tangible Net worth	₹ Cr	2.23	2.89
Total Debt/Tangible Net worth	Times	2.88	2.90
Current Ratio	Times	1.22	1.01

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media



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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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