



## Rating Rationale

Agrawal Dall Mills

28th November 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs.11.00 Crores of Agrawal Dall Mills.**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based (Cash Credit)	9.00	11.00	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook:Stable	BWR B+ (Pronounced as BWR B Plus) (Reaffirms) Outlook:Stable
<b>Total</b>	<b>9.00</b>	<b>Rs.11.00 Crores (Eleven Crores Only).</b>			

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited Financials up to FY17 and Projected financial of FY18, publicly available information/clarification provided by the Company's management.

The ratings have factored inter alia the extensive experience of the promoters with established track record in the relevant industry and the ability of the firm to pay off its current obligations from total income earned. The ratings are however constrained by decline of net sales by 32.00%, High gearing level, Thin Profitability Margins, Moderate Liquidity position, Low net worth in FY17 and inability to achieve the projections submitted to BWR earlier.



## **Key Rating Drivers**

### **Credit Strengths**

**Experienced Partners-** The promoters/partners of the firm has been involved in the agro business for a decade with established track record.

**Moderate Debt Protection Metrics-** The firm has sufficient income to pay off its current debt obligation indicated by DSCR at 1.21 times FY17.

### **Credit Weakness:**

**Thin Profitability Margins:** Though the margins have increased in FY17, but still the firm ends up with low margins indicated by net profit margins of 0.58%.

**Moderate Liquidity Position:** Moderate Liquidity position with the current ratio at 1.24 times in FY17.

**Highly Leveraged:** The firm is Highly Leveraged indicated by Total debt to Equity ratio at 3.88x in FY17.

**Low Net worth:** The firm has reported low net worth at Rs.3.00crs in FY17.

### **Rating Sensitivities:**

Ability of the firm to improve its scale of operations, subsequently increasing its turnover and profitability.

Ability of the firm to efficiently manage its working capital and liquidity position.

Ability of the firm to improve its capital structure and margins.

Ability of the firm to achieve the projections submitted to BWR.

## **About the Company**

Agrawal Dall Mills (ADM) has been established as a partnership firm since the year 1984 by Mr.Rakesh Agrawal. Its office and manufacturing unit is located Damoh, Madhya Pradesh. The firm is engaged in processing of gram/ Channa, Masoor Dall etc. Major raw materials of the firms are pulses which are procured by Mandi auctions and rest from the farmers. The promoters and employees participate in auction for procurement of pulses of varied quality in the mandis from Damoh and nearby places during the arrival season every year. The important steps involved in production process is cleaning, milling, dehusking and cleaning and weighing and packaging.

**Company Financial Performance**

Particulars	Units	FY16 (Audited)	FY17 (Audited)
Total Operating Income	Crores	64.54	43.98
OPBDIT	Crores	1.60	1.45
PAT	Crores	0.35	0.25
Tangible Net worth	Crores	2.56	3.00
TOL/TNW	Times	3.54	3.92
Current Ratio	Times	1.29	1.24

**Rating History for the last three years (including withdrawn/suspended ratings)**

Sl No	Instrument/Facility	Current Rating (2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash credit	Long Term	11.00	BWR B+ (Reaffirms)	BWR B+	N.A	BWR B+
<b>Total</b>			<b>11.00 (Eleven Crores Only)</b>				

\*N.A – Not Applicable/ N.R – Not Reviewed

**Hyperlink/Reference to applicable Criteria**



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

For any other criteria to be hyperlinks from website to be taken

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.



**DISCLAIMER**

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