

## Rating Rationale

### Brickwork Ratings reaffirms/assigns for additional amount of ₹ 3Cr Long term ratings at 'BWR B+' for the Bank Loan Facilities amounting to ₹ 9.00Cr of Agrawal Dall Mills

Brickwork Ratings has reaffirmed/assigned for additional amount of Rs.3.00crs **Rating<sup>1</sup>** for the Bank Loan Facilities of Agrawal Dall Mills (ADM), total amounting to **Rs.9.00Crores** from Union Bank of India as follows:

Facility	Limit (₹ Cr)		Tenure	Previous Rating	Present Rating
	Previous	Present			
<b>Fund Based</b>					
Cash-Credit	6.00	<b>9.00</b>	<b>Long-Term</b>	BWR B+ (Pronounced BWR B Plus) (Outlook:Stable)	<b>BWR B+ (Pronounced BWR B Plus) (Outlook:Stable)</b>
<b>Total</b>	6.00	<b>9.00</b>	<b>(INR Nine Crores only)</b>		

BWR has essentially relied upon the audited financial results up to FY16 & audited financial up to FY18, publicly available information and information/clarification provided by the company's management.

The rating continues to factor in the partners' experience in Agro industry and increase in its total revenue. However, the rating is constrained by limitation of partnership concern, low profitability margins, weak liquidity position and stretched gearing level.

#### Background:

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.

#### Financial Performance:

During FY16, firm's net revenue was Rs.64.54Crores and PAT was Rs.0.35Crores against net revenue of Rs.39.12Crores and PAT of Rs0.33Crores in FY15. The Operating profit margins and Net profit margins were 2.48%% and 0.71% respectively. Tangible Net-worth was Rs.2.56Crores. Further the current ratio stood at 1.29 as on FY16.

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

### Rating Outlook:

The firm's performance over the next year is expected to be stable. Going forward, the ability of the firm to maintain and increase its turnover, increase its profitability, improve its gearing level with ability to pay off its short term obligations and improve margins will be key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<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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