

Rating Rationale

Brickwork Ratings assigns 'BWR B' for Bank Loan Facilities aggregating ₹ 5.92 Cr of Agrawal Warehousing & Logistics

Brickwork Ratings has assigned the following **Ratings**¹ for Bank Credit facilities availed by M/S Agrawal Warehousing & Logistics (AWL):

Facility	Limits (₹Cr)	Tenure	Rating
Fund based Term Loan	5.92	Long Term	BWR B (Pronounced as BWR B) (Outlook : Stable)
Total	5.92	INR Five Crores and Ninety Two Lakhs only	

BWR has essentially relied up on the audited financials of FY14, projections for FY 15 and FY 16, publicly available information and the information/clarifications provided by the firm.

The rating, inter alia, has factored promoters' experience in the agricultural related activities; tie up with Madhya Pradesh Warehousing and Logistics Corporation for storage of grains, grams etc. and suitable geographical location of Damoh, an agricultural area.

The rating is constrained by limited track record of the firm, weak debt protection metrics marked by low capital and high bank borrowings, restricted pricing power and low scale of operations.

Company Profile:

Agrawal Warehousing and Logistics is a proprietorship firm established in February 2013. The firm operates warehouses/go down facilities in Khasra, Damoh. The firm has a tie up with Madhya Pradesh Warehousing and Logistics Corporation for storage of grains on rental basis at a pre agreed price per quintal. The warehouse is rented to store various agricultural food products such as grams, soya, grains etc.

The setup of warehouse has been funded by promoters' capital, unsecured loans from relatives and a term loan of Rs7.20 Cr sanctioned by Union Bank of India. The firm also qualifies to receive total subsidy grant from NABARD for Rs3.00 Cr approx. in two tranches out of which the first instalment has already been received.

The firm has a partnership group firm – Agrawal Dal Mills (ADM), engaged in processing of gram chana/masoor dal, located in Damoh. ADM is promoted by Mr Rakesh Agrawal.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management:

Smt Suman Agrawal is proprietor of the firm and Mr. Rakesh Agrawal (Husband) is involved in day to day operations of the firm.

Financial Performance:

The business operations have started during FY15. The firm projects to achieve Rs1.76 Cr during FY15. As at March 31, 2014 the capital in the firm was Rs0.24 Cr and subsidy worth Rs1.49 Cr was received from NABARD against the term loan availed from the bank.

Rating Outlook:

The rating outlook is expected to be stable in the near term. Going forward, ability of the firm to achieve the projected revenues, recover rents promptly, receive the balance subsidy from NABARD and improve its capital structure shall remain the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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