Rating Rationale

Brickwork Ratings Upgrades rating to 'BWR BBB' for long term Bank Loan Facilities & Reaffirms 'BWR A3' for short term Bank Loan Facilities aggregating ₹44 Cr enhanced from ₹30 Cr to Ankur Roller Flour Mills Pvt. Ltd.

Brickwork Ratings has *upgraded/reaffirmed* the following **Ratings**[1] for Bank Loan facilities amounting to ₹44.00 Cr of Ankur Roller Flour Mills Pvt. Ltd. **(or 'Company')**

Facility	Previous Limit ₹ in Cr	Present Limit ₹ in Cr	Tenure	Rating	Rating History (July, 2014)
CC Fund Based	14.00	**20.00**	**Long Term**	**BWR BBB** (Pronounced BWR Triple B) **Outlook: Stable** ***(Upgraded)***	BWR BBB- (Pronounced BWR Triple B Minus) Outlook: Stable
I/FLC Non-Fund Based	16.00	**24.00**	**Short Term**	**BWR A3** (Pronounced BWR A Three) ***(Reaffirmed)***	BWR A3 (Pronounced BWR A Three)
Total	30.00	**44.00**	**INR Forty Four Crores only**		

BWR has principally relied upon the audited financial result of the Company up to FY15, publicly available information and information/clarifications provided by the company's management and feedback received from the Bank.

The rating continues to factor in, inter alia, the extensive experience of the promoters in the pulses industry, growth in revenue, established supply chain and customer channels, moderate gearing level and infusion of additional equity into the business by the promoters.

The rating is, however, constrained by the low profit margins, competition from players in the unorganized sector, working capital intensive nature of the business and exposure to foreign exchange risk.

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

Background:

Ankur Roller Flour Mills is a privately held company incorporated in 2004 having its corporate office at New Delhi. The company is in the business of Pulses Processing and its operations started in FY12. The promoters are Mr. Vipul Mittal and Mr. Kapil Mittal, who are also part of the management team in Hitech Grain Processing Private Limited, a company engaged in similar line of activity, but much larger.

ARFMPL's manufacturing plant is located at HSIIDC, Haryana, and it processes and manufacturers all varieties of pulses mainly dals including Chana Dal, Chana: Kabuli Chana & Kala Chana, Rajma, Tur Dal etc. Other than pulses there are by-products and secondary pulses also. ARFMPL is having its production facility at 573, Food Park, HSIIDC Industrial Estate, Haryana for processing of different pulses like dals, channa, rajmas, etc. It is selling the products in the brand name of Ankur. It is also doing job work for other customers. The raw materials are procured from mandis and also imported from countries like Tanzania, Austria, China, Indonesia, Brazil, South Africa, Canada, UAE etc. through its overseas suppliers. The Company has good relationship with several stockiest in India through which it markets their products to states like Punjab, UP, Delhi- NCR, J&K, Bihar, Maharashtra, Madhya Pradesh, etc.

Management Details:

Mr. Vipul Mittal, Mr. Kapil Mittal and their family holds 100% shares of ARFMPL. Mr. Vipul Mittal is the Managing Director & Chief Executive Officer and Mr. Kapil Mittal is the Director& Chief Operating Officer of the Company. There are adequate numbers of technical and administrative staff, skilled and unskilled workers available at operational level.

Financial Performance:

As per the audited financial statements for FY15, the Company reported a Total Operating Income of ₹200.53 Cr with a Net profit of ₹1.76 Cr against a Total Operating Income of ₹ 147.07 Cr with a Net profit of ₹ 1.26 Cr for FY14. Total Operating Income has increased by 36.35 per cent in FY15. The Net Profit Margin marginally improved from 0.86 per cent in FY14 to 0.88 per cent in FY15. TNW has increased from ₹ 17.99 Cr in FY14 to ₹19.74 Cr in FY15. Debt-to-Equity is 1.01 times and Current Ratio at 1.38 times in FY15.

Rating Outlook:

The Company is expected to continue to show improving performance over the next one year. The rating reflects the position of the Company in the grain legume processing segment of the industry it caters to.

Going forward, the Company's ability to effectively manage input costs, mitigate forex fluctuation risks with appropriate covers, improve margins and manage its working capital efficiently would be crucial to its performance and are also the key rating sensitivities.

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