



Rating Rationale

Ayodhya Flour Mills Pvt Ltd

27 Apr 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 14.00 Crores of Ayodhya Flour Mills Pvt Ltd.

Particulars

Facility	Previous Amount (₹ Crs)	Present Amount (₹ Crs)	Tenure	Previous Rating (March,2017)	Present Rating*
Fund based Cash Credit	14.00	14.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) (Outlook:Stable)	BWR BB- (Pronounced as BWR Double B Minus) (Outlook:Stable) Reaffirmed
Total	14.00	14.00	INR Fourteen Crores Only		

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

Note: Bankwise facility is shared in annexure I

Rating: Reaffirmed

BWR has principally relied upon the audited financial results of Ayodhya Flour Mill Pvt Ltd upto FY 17 and projected financial upto FY 19, information/clarification provided by the Firm and other publicly available information

The Rating factors in promoters' experience, ease of accessibility of raw material and improvement in utilization level. The rating is however constrained by the relatively small scale of operations and net worth considering its long existence, volatility in price of raw material, agro climatic risk and intense competition from organised and unorganised players. Going forward, the Company's ability to infuse capital, improve its overall financial profile (turnover, margins, profitability, net worth), improve the capacity utilization level and establishing relationship with the buyers would remain the key rating sensitivities.



Key Rating drivers

Credit strengths

- **Experience of promoters:** The promoters have considerable experience in processing agricultural product.
- **Improvement in capacity utilization:** The utilization level has improved to 75% in FY 18 compared to 59% in FY17 which has improved the revenue marginally to approximately Rs.56.44 Crs in FY 18.

Credit Weaknesses

- **Small Scale of Operation:** Comparing to the number of years of its existence the scale of operation remains small. The company has reported revenue of Rs. 47.46 Crs in FY 17 and has achieved revenue of Rs. 56.44 Crs till March 2018.
- **Agro climatic risk:** Production of grains is dependent on climate. Climatic change will affect the production adversely due to drought, salinity, frost, flooding and unseasonal rains etc
- **Competition:** It is highly fragmented industry which has intense competition from other players in the region.

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 **Ayodhya Flour Mill Pvt Ltd** 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 Company

Incorporated in 1973 as Private Limited Company, Ayodhya Flour Mill Pvt Ltd is based out of Kanpur, Uttar Pradesh. It is engaged in processing of Wheat flour, Maida and Sooji. with installed capacity of 85000 MT . The utilization in FY18 was 75% as compared to FY 17 where utilization level was 59%. The product is sold under the brand name of 'Taj Mahal'. Mr. B Shambu Kumar, Mr. Ved Prakash Chowdhary and Mr. B Ashok Kumar are the Directors who jointly manages the day to day operations in the Company.



Company's Financial Performance

As per the audited FY17 financials, the Company has reported turnover of Rs. 47.46 Crs. PAT stands at Rs.0.15 Crs. The ISCR and Net-Worth stands at 0.90x times and 5.25 Crs . As informed by the management the Company has achieved sales of Rs. 56.44 Crs till March 2018.

Key Financial Indicators

Key Parameters	Units	2016	2017
Result Type		Audited	Audited
Sales	₹ Cr	57.62	47.46
EBITDA	₹ Cr	1.14	1.13
PAT	₹ Cr	0.22	0.15
Tangible Net worth	₹ Cr	5.10	5.25
Total Debt/Tangible Net worth	Times	1.49	1.27
Current Ratio	Times	1.46	1.44

Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	March, 17	FY 16	FY 15
1.	Fund Based	Long Term	14.00	BWR BB- (Outlook: Stable)	BWR BB- (Outlook: Stable)	-	-
	Total		14.00	INR Fourteen Crore Only			

Status of non-cooperation with previous CRA :N/A



Bank Facilities
Annexure I

Nature of all facilities			
Bank Name	Facilities	Sanctioned Limits Rs. Cr.	Amount Rated Rs.Cr
Bank of Baroda	Cash Credit	14.00	14.00
Total Rs.14.00Crs(Fourteen Crore Only)			

Hyperlink/Reference to applicable Criteria

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

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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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