

Rating Rationale

Brickwork Ratings assigns 'BWR B+' for the Bank Loan Facilities amounting to ₹ 13.70 Cr of Aggarwal Rice & General Mills

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of Aggarwal Rice & General Mills (*ARGM or the 'firm'*)

Facility	Tenure	Amount (₹ Cr)	Rating
<u>Fund Based</u> Term Loan	Long Term	1.40	BWR B+ (BWR B Plus) (Outlook: Stable)
<u>Fund Based</u> Cash Credit		12.30	
Total		13.70 (INR Thirteen Crores & Seventy Lakhs Only)	

BWR has principally relied upon the audited financial results up to FY13, projected financials up to FY15, publicly available information and information/clarifications provided by the firm.

The rating reflects the extensive experience of the promoters in the rice milling industry, growth in revenues and the benefits expected from the healthy growth prospects for the rice industry. However, the rating is constrained by firm's weak financial profile, low profitability, highly fragmented and competitive nature of the industry and susceptibility of the firm's performance to adverse regulatory changes and fluctuations in raw material prices.

Background:

Aggarwal Rice & General Mills is a partnership firm established in 2000, at Sri Muksar Sahib, Punjab. The firm is engaged in the milling, processing and trading of basmati and non-basmati rice with an installed capacity of 7 MT per day. The main product of the firm is rice, while rice bran and paddy husk are by-products. The firm supplies rice to rice traders and dealers in primarily in Northern India viz West Bengal, Delhi and Haryana. It also exports to Iran and Dubai.

Management

ARGM is jointly promoted by Mr.Vikrant Ahujha, Mr.Satishkumar, Mr.Praveen Kumar, Mr. Parmod Kumar, Mr.Manish Kumar, and Mr.Rahul Saluja. It is a family-run business.

Mr.Vikrant Ahujha and Mr.Sathish Kumar are the managing partners of the firm and have more than 15 years of experience in this line of business.

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

Financial Performance

ARGM reported a profit after tax (PAT) of ₹0.14 Cr. on net sales of ₹23.78 Cr. for FY 13 as against profit after tax (PAT) of ₹0.04 Cr. on net sales of ₹19.24 Cr. for FY 12. Operating margin improved to 5.91% in FY13 from 5.05% in FY12. Tangible net worth stood at ₹1.35 Cr. in FY13 as compared to ₹1.12 Cr. in FY12. Current Ratio declined to 1.08 times in FY13 from 1.60 in FY12, reflecting stretched liquidity.

Rating Outlook

The outlook of the firm is expected to be stable over the current year. Going forward, the ability of the firm to scale up its operations profitably, improve its capital structure and manage its working capital efficiently shall remain the key rating sensitivities.

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