

Rating Report

Brickwork Ratings assigns 'BWR BB' to the Bank Facilities of Ajmer Agro Products Pvt Ltd amounting to Rs. 5.67 Crs.

Brickwork Ratings has assigned the following **Ratings**¹ to the Bank Loan Facilities of Rs. 5.67 Crs of Ajmer Agro Products Pvt Ltd (AAPPL or the 'Company'):

Facility	Limit (Rs Crs)	Tenure	Rating
Fund Based			
Cash Credit	2.90	Long Term	BWR BB (Pronounced BWR Double B) Outlook: Stable
Term Loan -1*	1.95		
Term Loan -2*	0.82		
Total	5.67	(INR Five Crores and Sixty Seven Lakhs only)	

* Term Loan outstanding as on 30.11.2015

BWR has principally relied upon the audited financial results up to FY15, projected financials of FY16 & FY17, publicly available information and information/clarification provided by the Company's management.

The rating has factored, inter alia, the experience of the promoters, moderate gearing levels, comfortable debt protection metrics and consistent growth in revenue. Further, stable demand outlook and the launch of small packets of Chakki Atta is also expected to drive the sales growth of the Company. The rating is, however, constrained by small scale of operations, competitive nature of industry, and the vulnerability of the Company's profitability to fluctuation in commodity prices.

Company Background

Ajmer Agro Products Pvt Ltd (AAPPL) was incorporated in July, 2009 with its registered office located in Biswanath Chariali, Assam. AAPPL is engaged in milling of wheat to manufacture Semolina(Suji), Maida, Atta and Bran. The manufacturing unit of the Company is located near NH52, Biswanath Chariali, Assam with an installed capacity of 30000 MTPA. The unit started commercial production with Atta, Maida & Suji bulk packaging in March 2012 and in December 2014 it launched small packets of Chakki Atta.

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

The Company sells its products under the brand “Fresha”. The Company majorly sells its products through Ajmer Stores - a proprietorship firm of the promoter.

Management

The Board of Directors of AAPPL includes Mr. Sultan Ahmed and his two sons namely, Mr. Naim Ahmed and Mr. Samim Ahmed.

Mr. Sultan Ahmed has an extensive experience and runs a grocery unit -Ajmer Stores in Sonitpur District, Assam, since 1981.

Financial Performance

AAPPL reported Total Operating Income of Rs. 27.44 Crores in FY15 against Rs. 24.47 Crores in FY14. As of Mar 31, 2015, tangible net worth of the Company stood at Rs. 3.70 Crores and the total debt to tangible net worth ratio stood at 1.83 times. In FY 15, the Company reported Net Profit of Rs. 0.41 Crores against Rs. 0.31 Crores in FY14.

Further, as per provisional information provided by the Company’s management, the Company has achieved a turnover of Rs 16.51 Crores till Nov'15.

The financial details are in the Annexures I, II & III.

Credit Risk Analysis

The experience gathered by the promoter, Mr. Sultan Ahmed, for more than three decades through running a grocery unit in Sonitpur District, Assam and its well established network of around 200 dealers is a positive for the Company. Moreover, the launch of small packets of Chakki Atta (like 1kg, 2kg, 5 Kg etc) is also expected to drive sales growth. ISCR and DSCR remained at comfortable levels of 2.16 and 1.16 times respectively in FY15.

However, the Company has small scale of operations and is exposed to stiff competition and volatility in commodity prices.

Rating Outlook

The outlook of the Company is expected to be stable for the next year. Going forward, the Company’s ability to improve its scale of operations, profitability, and improve capacity utilization shall remain the key rating sensitivities.

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Ajmer Agro Products Pvt Ltd
Annexure I: Balance Sheet

Particulars (Rs Crores)	FY13	FY14	FY15
	Audited	Audited	Audited
LIABILITIES			
EQUITY AND RESERVES	2.86	3.34	3.82
Share capital	2.00	2.48	2.48
Share Application money Pending allotment	0.50	0.00	0.00
Reserves and Surplus	0.36	0.86	1.34
Non-current liabilities	3.80	3.75	4.25
Long-Term Borrowings	3.80	3.75	4.25
Current liabilities	1.82	1.87	2.92
Short-Term Borrowings	1.71	1.74	2.54
Current Portion Of Long Term Debt	0.00	0.00	0.00
Trade Payables	0.08	0.10	0.15
Other Current Liabilities	0.03	0.01	0.12
Short-Term Provisions	0.00	0.02	0.11
Total Liabilities	8.48	8.96	10.99
ASSETS			
Non-current assets	6.10	6.07	6.27
Net Fixed assets	5.90	5.92	6.15
Other Non Current Assets	0.00	0.00	0.00
Miscellaneous Expenditure To the Extent Not w/o	0.19	0.16	0.12
Current assets	2.38	2.88	4.72
Current Investments	0.00	0.00	0.00
Inventories	1.24	0.87	2.23
Trade Receivables < Six Months	0.56	1.01	0.78

Cash and Cash Equivalents	0.25	0.45	0.33
Short-Term Loans and Advances	0.24	0.45	0.22
Other Current Assets	0.09	0.09	1.17
Total Assets	8.48	8.96	10.99

Ajmer Agro Products Pvt Ltd
Annexure II: Profit and Loss Account

Particulars (Rs. Crores)	FY13	FY14	FY15
	Audited	Audited	Audited
Net Sales	17.96	24.44	27.40
Other Operating Income	0.01	0.03	0.03
Total Operating Income	17.98	24.47	27.44
Operating Expenses	16.81	23.19	25.94
OPBDIT	1.16	1.28	1.49
Depreciation/Amortization/Impairment	0.31	0.32	0.32
OPBIT	0.85	0.96	1.17
Interest and Finance Charges	0.48	0.63	0.69
OPBT	0.37	0.34	0.48
Non Operating Income(Expenses)	0.00	0.05	0.03
PBT	0.37	0.39	0.51
Provision for Taxes	0.00	0.08	0.10
PAT	0.37	0.31	0.41

Ajmer Agro Products Pvt Ltd
Annexure III: Ratios

Particulars		FY13	FY14	FY15
		Audited	Audited	Audited
Tangible Net Worth	Rs in crore	2.67	3.19	3.70
Total Debt/TNW	Times	2.06	1.72	1.83
Long Term Debt/TNW	Times	1.42	1.18	1.15
TOL/TNW	Times	2.08	1.74	1.94
ISCR	Times	2.42	2.05	2.16
DSCR	Times	2.43	1.08	1.16
Net Cash Accruals/Total Debt	Times	0.12	0.11	0.11
Net Profit Margin	Per cent	2.08	1.27	1.49
Operating Profit Margin	Per cent	6.47	5.23	5.44
ROCE	Per cent	10.40	11.41	12.20
Current Ratio	Times	1.31	1.54	1.61
Days Receivables	Days	11	12	12
Days Inventory	Days	28	17	22
Days Payable	Days	0	0	1