

## Rating Report

### Brickwork Ratings assigns “BWR BB-” for Bank Loan facilities aggregating to ₹ 20.00 Crores of M/s Akhila Agro Products.

Brickwork Ratings has assigned following **Ratings**<sup>1</sup> for Bank Loan facilities of M/s Akhila Agro Products (*The Firm*)

Facility	Limits (₹ Crs)	Tenure	Rating
<b>Fund Based</b> Cash Credit Proposed	<b>20.00</b>	<b>Long Term</b>	<b>BWR BB- BWR Double B Minus Outlook: Stable</b>
<b>Total</b>	<b>20.00</b>	<b>INR Twenty Crores Only</b>	

BWR has principally relied upon the certified and authenticated provisional financial results of FY16, projected financials up-to FY19, publicly available information and information/clarification provided by the Firm’s management.

The ratings assigned derive its strengths experienced promoters, absence of external borrowings, strong customer profile and locational advantage. However, the ratings are constrained by limited track record, low value addition, deterioration of debt equity in medium term and stiff competition in the industry.

#### Background:

M/s Akhila Agro Products established as a partnership concern in April 2015. The firm is located at Guntur, Andhra Pradesh. Firm is engaged in trading and pressing of Tobacco. Company is able to process ~15 Tone per day.

Firm is promoted by Mrs. Jayalakshmi & J Anusha and business operations is managed by Mr. Krishna Babu, husband of Mrs. Jayalakshmi, who has 15 years of experience in the business. Firm is also being supported by group concern JLDM Textiles Industries Pvt. Ltd.

#### Financial Performance:

As per certified provisional financials of FY16, Firm has achieved net revenue of Rs. 43.26 Crores. Operating and Net profit margin reported very thin due to first year of operations. Tangible net-worth stood at Rs. 4.74 crores as on 31 March 2016. Gearing level is expected to deteriorate further in medium term due to avilment of working capital borrowings. However, firm has absence of external borrowings. During first year working capital cycle reported at 40 days. Key Financials are presented in annexures.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Rating Outlook:

The outlook of the firm for the next one year is expected to be stable. The ratings assigned is subject to mandatory review in June 2016 based on audited financials of FY16. Going forward, ability of the firm to achieve the projected turnover and profitability margins, to improve its capital base, to withstand in the competitive market and to sustain the working capital cycle achieved will remain key rating sensitivities.

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**Akhila Agro Products**  
**Annexure-I**

<b>Profit and Loss Account</b>				
<b>Rs. Crores</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
<b>Result Type</b>	Provisional	Projected	Projected	Projected
<b>Net Sales</b>	<b>43.26</b>	<b>108.36</b>	<b>109.66</b>	<b>110.88</b>
Other Operating Income	0.00	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>43.26</b>	<b>108.36</b>	<b>109.66</b>	<b>110.88</b>
<b>Operating Expenses</b>	<b>42.87</b>	<b>105.53</b>	<b>106.79</b>	<b>107.97</b>
<b>OPBDIT</b>	<b>0.39</b>	<b>2.83</b>	<b>2.87</b>	<b>2.91</b>
Depreciation/Amortization/Impairment	0.00	0.00	0.00	0.00
<b>OPBIT</b>	<b>0.39</b>	<b>2.83</b>	<b>2.87</b>	<b>2.91</b>
Interest and Finance Charges	0.13	2.51	2.51	2.51
<b>OPBT</b>	<b>0.26</b>	<b>0.32</b>	<b>0.36</b>	<b>0.40</b>
Non-Operating Income(Expenses)	0.00	0.00	0.00	0.00
<b>PBT</b>	<b>0.26</b>	<b>0.32</b>	<b>0.36</b>	<b>0.40</b>
Provision for Taxes	0.00	0.00	0.00	0.00
<b>PAT</b>	<b>0.26</b>	<b>0.32</b>	<b>0.36</b>	<b>0.40</b>

**Akhila Agro Products**  
**Annexure-II**

<b>Balance Sheet</b>				
<b>Rs. Crores</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
<b>Liabilities</b>	Provisional	Projected	Projected	Projected
<b>EQUITY AND RESERVES</b>	<b>4.74</b>	<b>6.90</b>	<b>7.14</b>	<b>7.41</b>
Share capital	4.48	6.58	6.78	7.01
Reserves and Surplus	0.26	0.32	0.36	0.40
<b>Non-current liabilities</b>	<b>0.10</b>	<b>2.00</b>	<b>2.70</b>	<b>2.70</b>
Long-Term Borrowings- Unsecured loans	0.10	2.00	2.70	2.70
<b>Current liabilities</b>	<b>0.63</b>	<b>21.42</b>	<b>24.55</b>	<b>25.24</b>
Short-Term Borrowings	--	20.00	20.00	20.00
Trade Payables	0.63	1.42	4.55	5.24
<b>Total Liabilities</b>	<b>5.47</b>	<b>30.32</b>	<b>34.39</b>	<b>35.35</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net Fixed assets	0.00	0.00	0.00	0.00
<b>Current assets</b>	<b>5.47</b>	<b>30.32</b>	<b>34.39</b>	<b>35.35</b>
Inventories	0.52	25.63	26.40	26.53
Trade Receivables < Six Months	4.92	4.63	7.79	8.71
Cash and Cash Equivalent	0.01	0.05	0.20	0.09
Short-Term Loans and Advances	0.00	0.00	0.00	0.00
Other Current Assets	0.02	0.01	0.00	0.02
<b>Total Assets</b>	<b>5.47</b>	<b>30.32</b>	<b>34.39</b>	<b>35.35</b>