

Rating Report

Brickwork Ratings assigns 'BWR BB' rating for the Bank Loan Facilities aggregating to ₹ 9.06 Cr of Arohul Foods Pvt Ltd .

Brickwork Ratings has assigned following **Ratings**¹ for the bank loan facilities of Arohul Foods Pvt Ltd.

Fund Based Facility	Limit (₹ Cr)	Tenure	Rating
Cash credit	6.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Term Loan	3.06		
Total	9.06	INR Nine Crores and Six Lakhs only	

BWR has essentially relied upon audited financial results up to FY14, estimates of FY15, projected financials for FY15 & FY16, publicly available information and information provided by the management.

The rating, inter alia, factors promoters immense experience of more than 4 decades in paddy processing business, increase in operating revenues, moderate coverage ratios due to absence of long term external borrowings, below average utilization of cash credit due to efficient working capital cycle in FY 14. However, the rating is constrained by declined revenues in FY 15 as per estimates compared to projections due to drought in the area, seasonality of revenues, thin operating margins inherent to the agro products, very low Return on Capital Employed and high competition in the sector.

Background:

Arohul Foods Pvt Ltd incorporated in the year 2007, located in Bahraich, Uttar Pradesh. The company is involved in processing paddy into Rice bran oil, Rice bran, mustard cake oil, DORB and DOMC. The manufacturing unit has a production capacity of 450 tons of paddy per day. Mr. Atul Agarwal and Mr. Purushottam Das Agrawal are the directors of the company with more than 4 decades of experience in the same line of business.

Financials:

Arohul Foods Pvt Ltd's net revenue from operations have improved from ₹ 124.12 Cr in FY13 to ₹130.42 Cr in FY14 and estimated of ₹98.54 Cr in FY 15. In FY14, the Company reported an operating profit margin of 0.93%. The Company's net worth stood at ₹ 19.86 Crs as on 31 March, 2014. In FY14, Term Debt:Equity ratio stood at 0.37 times.

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

Rating Outlook:

Arohul Foods Pvt Ltd's performance over the next year is expected to be stable. Going forward, the ability of the Company to scale up its operations with improved profit margins and sustain efficient working capital management, competing with other existing players in the domain will remain the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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Arohul Foods Pvt Ltd
Summary of P&L Account

P&L A/cc	FY 12 (Audited)	FY 13 (Audited)	FY 14 (Audited)
Gross Sales	71.28	124.12	130.42
Net Sales	71.28	124.12	130.42
Other Operating Income	0.00	0.00	0.00
Total Operating Income	71.28	124.12	130.42
Operating Expenses	70.14	122.92	129.21
OPBDIT	1.15	1.20	1.21
Depreciation/Amortization/Impairment	0.35	0.37	0.50
OPBIT	0.79	0.83	0.71
Interest and Finance Charges	0.50	0.46	0.31
OPBT	0.29	0.37	0.40
Non Operating Income(Expenses)	0.00	-0.02	0.13
PBT	0.29	0.34	0.53
Provision for Taxes	0.09	0.11	0.17
PAT	0.20	0.23	0.36

Arohul Foods Pvt Ltd
Summary of Balance Sheet

Balance Sheet	FY 12 (Audited)	FY 13 (Audited)	FY 14 (Audited)
Liabilities			
EQUITY AND RESERVES	8.87	15.16	15.53
Share capital	2.43	3.95	3.95
Reserves and Surplus	6.43	11.22	11.58
Non-current liabilities	1.44	1.71	4.33
Long-Term Borrowings	1.44	1.71	4.33
Current liabilities	5.44	6.41	2.16
Short-Term Borrowings	3.29	5.00	1.38
Trade Payables	1.91	1.24	0.51
Other Current Liabilities	0.11	0.01	0.01
Short-Term Provisions	0.14	0.18	0.26
Total Liabilities	15.75	23.29	22.01
ASSETS			
Non-current assets	2.36	2.74	3.52
Net Fixed assets	2.35	2.74	3.49
Other Non Current Assets	0.00	0.00	0.00
Current assets	13.39	20.55	18.50
Inventories	9.68	15.30	12.07
Trade Receivables < Six Months	2.68	3.78	5.13
Cash and Cash Equivalents	0.63	0.56	0.49
Short-Term Loans and Advances	0.41	0.91	0.80
Total Assets	15.75	23.29	22.01

Ratios

Ratios	FY 12 (Audited)	FY 13 (Audited)	FY 14 (Audited)
Tangible Net Worth (Analyzed)	10.20	16.87	19.86
Total Debt/TNW(Analyzed)	0.33	0.30	0.07
ISCR	2.28	2.60	3.91
DSCR	2.10	1.60	2.12
Net Cash Accruals/Total Debt	0.12	0.09	0.15
Net Profit Margin	0.28	0.19	0.28
Operating Profit Margin	1.61	0.97	0.93
Current Ratio	2.46	3.20	8.57
Days Receivables	14	9	12