



Press Release
ALI AFZAL FLOUR MILL LIMITED
May 07, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	33.18	ACUITE BB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	33.18	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long term rating of 'ACUITE BB-'(read as ACUITE double B minus) on the Rs. 33.18 Cr. bank facilities of Ali Afzal Flour Mill Limited. The outlook is 'Stable'.

Rationale for Rating

The rating takes into cognizance long track record of operations and experienced management, increasing revenues albeit declining operating profitability, efficient working capital, adequate liquidity; however, these strengths are partly offset by average financial risk profile.

About the Company

Incorporated in 2005 Ali Afzal Flour Mill Limited (AAFML) is a Uttar Pradesh-based company promoted by Mr. Abdul Mannan, Mrs. Nazmeen Akhtar and Mr. Mohd. Monis with experience of over two decades in the flour mill industry. The Company is engaged in flour milling for converting wheat into wheat products like maida, sooji, atta and bran.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of AAFML to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management.

The company is promoted by Mr. Abdul Mannan (Managing Director), Mrs. Nazmeen Akhtar and Mr. Mohd Monis with over two decades of experience in the flour milling industry. This has resulted into healthy relationship with suppliers and repetitive orders from its customers. Acuite believes that the experience of the promoters coupled with relationship with their customers will benefit the company going forward.

Increasing Revenues albeit declining operating profitability margins

The revenues have increased to Rs. 219.27 Cr. as on March 31, 2025(Prov.) as compared to Rs. 156.93 Cr. as on March 31, 2024 on account of better capacity utilizations leading to higher quantity sold. The operating profitability has slightly declined to 3.05 percent as on March 31, 2025(Prov.) as compared to 3.82 percent as on March 31, 2024. Acuite believes that the scale of operations of the company are expected to improve over the medium term.

on account of increasing capacity utilization.

Efficient Working Capital Cycle

The operations of the company is marked as gross current assets days (GCA) of 53 days for March 31, 2025(Prov.) as compared to 70 days for March 31, 2024. The debtor period stood at 35 days as on March 31, 2025(Prov.) as compared to 42 days as on March 31, 2024. Further, the inventory days of the company stood at 18 days as on March 31, 2025(Prov.) as compared to 28 days in March 31, 2024. The creditors stood at 8 days as on March 31, 2025(Prov.) as compared to 11 days as on March 31, 2024. Acuité believes that the working capital

operations of the company will remain at similar levels over the medium term.

Weaknesses

Average Financial Risk Profile

The financial risk profile of the company is marked by improving net worth, moderate gearing and debt protection metrics. The tangible net worth of the company stood at Rs.12.14 Cr. as on March 31, 2025(Prov.) as compared to Rs.10.25 Cr. as on March 31, 2024 due to small accretion to reserves. The gearing of the company stood at 2.17 times as on March 31, 2025(Prov.) as compared to 2.70 times as on March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.56 times as on March 31, 2025(Prov.) as compared to 3.17 times as on March 31, 2024. The Interest coverage ratio (ICR) of 3.28 times and Debt Service Coverage Ratio (DSCR) stood at 1.13 times as on March 31, 2025(Prov.) The NCA/TD stood at 0.15 times in March 31, 2025(Prov.) as compared to 0.12 times as on March 31, 2024. Acuité believes that the financial risk profile will improve over the medium term, in the absence of any debt funded capex plans.

Rating Sensitivities

Movement in revenue and operating profitability

Working capital cycle

Debt funded capex plan

Liquidity Position

Adequate

The company has adequate liquidity marked by net cash accruals of Rs 4.04 Cr. as on FY2025(Prov.) as against long term debt of Rs. 3.36 Cr. over the same period. The cash and bank balance stood at Rs. 0.07 Cr. as on March 31, 2025 Prov.) as compared to Rs.0.05 Cr. as on March 31, 2024. Further, the current ratio of the company stood at 1.45 times as on March 31, 2025(Prov.) as compared to 1.12 times as on March 31, 2024. The average bank limit of the company has been 71.09 percent utilized for the last six months ended. March 2025. The management has financial flexibility to bring funds into the business as and when required as reflected by unsecured loans of Rs. 8.27 Cr. as on March 31, 2025(Prov.). Acuité believes that the liquidity of the company will remain adequate over the medium term in the absence of any debt funded capex plans.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	219.27	156.93
PAT	Rs. Cr.	1.89	0.84
PAT Margin	(%)	0.86	0.54
Total Debt/Tangible Net Worth	Times	2.17	2.70
PBDIT/Interest	Times	3.28	2.43

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Feb 2024	Term Loan	Long Term	3.25	ACUITE BB- Stable (Upgraded from ACUITE B+)
	Covid Emergency Line.	Long Term	2.68	ACUITE BB- Stable (Upgraded from ACUITE B+)
	Covid Emergency Line.	Long Term	0.63	ACUITE BB- Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	6.84	ACUITE BB- Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	13.16	ACUITE BB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	6.62	ACUITE BB- Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE Not Applicable (Withdrawn)
22 May 2023	Cash Credit	Long Term	5.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	13.40	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
23 Feb 2022	Proposed Long Term Bank Facility	Long Term	13.40	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE BB- Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Covid Emergency Line.	08 Jul 2022	Not avl. / Not appl.	08 Dec 2026	1.64	Simple	ACUITE BB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.55	Simple	ACUITE BB- Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	02 Feb 2024	Not avl. / Not appl.	02 Mar 2026	0.14	Simple	ACUITE BB- Stable Reaffirmed
Indian Bank	Not avl. / Not appl.	Term Loan	05 Sep 2018	Not avl. / Not appl.	05 Jul 2025	0.85	Simple	ACUITE BB- Stable Reaffirmed

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About Acuité Ratings & Research

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