



Rating Rationale

Amritsar Rice Land

23 Nov 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹ 28.50 Crores of Amritsar Rice Land

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Sept, 2017)	Present
CC	27.00	27.00	Long Term	BWR BB- Outlook: Stable (Pronounced as BWR Double B Minus)	BWR BB Outlook: Stable (Pronounced as BWR Double B) Upgraded
TL	3.11	1.50			
Total	30.11	28.50	INR Twenty Eight Crores and Fifty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of Amritsar Rice Land up to FY18, projection for FY19 & FY20 and information/clarifications provided by the Firm.

The rating has factored, inter alia, experienced partners, locational advantage and moderate financials characterized by increase in net profit margin.

However, the rating is constrained by competition from organized and unorganized players in the industry, Revenue fluctuation and the cyclicity inherent in the rice milling industry.

Key Rating Drivers

Experience of Promoters and Partners:

Ms. Meena Aneja (34%), Ms. Mamta Aneja (33%), Mr. Vikas Aneja (33%) are the partners of the firm having more than 30 years of experience.



Locational Advantage:

Punjab (the five rivers region) is one of the most fertile regions. Agriculture sector is the largest contributor to the gross state domestic product (GSDP) of Punjab.

Improvement in Net Profit Margin:

Net Profit Margin increased from 0.39 per cent in FY17 to 1.50 per cent in FY18. The improvement is mainly due to non-operating income.

Revenue Fluctuation

The firm has achieved a total operating income of Rs 110.20 Crs in FY18 as against Rs. 116.54 Crores in FY17.

Intensely competitive nature of the industry:

The firm operates in an industry characterized by high competition with the presence of a few established players and a large number of unorganized players in view of technological requirements. Intense competition has a negative impact on the margins of the rice mills.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Amritsar Rice Land** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Amritsar Rice Land a partnership firm was established in 2013. The firm is located at Rani KaBagh, Amritsar and the factory at village Sansara, Tehsil Ajnala, District Amritsar. The firm is running a fully automatic rice mill (Parboiled, Steam and Raw Rice) with installed capacity of 9MT paddy shelling per hour. The firm started commercial production from October 2013. ARL markets its products in the domestic and international market under its own brand "Wagah" through a network of distributors covering 5-6 states.

The rice is sold in packs of 1, 2, 5, 10 and 25kgs under own brand name WAGAH. The firm has covered storage of 20,000 MT for Paddy/rice.



Company Financial Performance

The firm has achieved a total operating income of Rs 110.20 Crs in FY18 as against Rs. 116.54 Crores in FY17. The PAT achieved by the firm stands at Rs. 1.66 Crores in FY18 as against a profit of Rs 0.45 Crores in FY17.

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	Rs in Crs	110.20	116.54
EBITDA	Rs in Crs	7.09	7.07
PAT	Rs in Crs	1.66	0.45
Tangible Net worth	Rs in Crs	13.43	9.92
Total Debt/Tangible Net worth	Times	2.97	5.38
Current Ratio	Times	1.31	1.27

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	18, Sept, 2017	1, Aug, 2016	2015
1.	Fund Based	Long Term	28.50	BWR BB Outlook: Stable (Pronounced as BWR Double B) Upgraded	BWR BB-	BWR BB-	Not Rated
Total				₹ Twenty Eight Crores and Fifty Lakhs Only			

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

Any other information - Nil



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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