

**Brickwork Ratings reaffirms 'BWR BB-' Ratings for Bank Loan facilities aggregating to ₹ 30.11 Cr of Amritsar Rice Land.**

**Particulars**

<b>Facility Rated</b>	<b>Previous Amount (Rs. Crs)</b>	<b>Current Amount (Rs. Crs)</b>	<b>Tenure</b>	<b>Previous Rating ^</b>	<b>Rating ^</b>
Cash Credit	27.00	27.00	Long Term	BWR BB- (Outlook:Stable) (Pronounced BWR Double B Minus)	BWR BB- (Outlook:Stable) (Pronounced BWR Double B Minus) Reaffirmed
Term Loan	5.40	3.11			
<b>Total</b>	<b>32.40</b>	<b>30.11</b>	<b>(INR Thirty Crores and Eleven Lakhs Only.)</b>		

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**Rating Reaffirmed**

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited financial results of Amritsar Rice Land up to FY17, projection for FY18 & FY19 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, high leverage, withdrawal in partners capital and the cyclicity inherent in the rice milling industry.

**Key Rating Drivers**

**Experience of Promoters and Partners:**

Sh. Dharam Pal Aneja (34%), Kunal Dhawan (25%), Vikas Aneja (16%), Kanchan rani (25%) 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 region. 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 0.19 per cent in FY16 to 0.39 per cent in FY17. The improvement is mainly due to non operating income.

**High Leverage :**

High leverage on account of short term borrowing against stocks.

**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.

**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 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. The firm has covered storage of 20,000 MT for Paddy/rice.

**Financial Performance**

The firm has achieved a total operating income of Rs. 116.54 Crores in FY17 as against Rs 103.34 Crores in FY16. The PAT achieved by the firm stands at Rs. 0.45 Crores in FY17 as against a profit of Rs 0.19 Crores in FY16.



Parameters	FY 2016 (A) (Rs. In Crs)	FY 2017 (A) (Rs. In Crs)
Total operating income	103.34	116.54
OPBDIT	7.46	7.07
Profit after tax (PAT)	0.19	0.45
Tangible Net worth	10.01	9.92
Total Debt/ TNW	3.52	5.38

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument / Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs in Crs)	Rating	2016	2015	2014
1	Fund Based	Long Term	30.11	BWR BB- (Outlook: stable)	BWR BB- (Outlook: stable)	Nil	Nil
<b>Total</b>		<b>30.11 (INR Thirty Crores and Eleven Lakhs Only.)</b>					

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing](#)

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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

**DISCLAIMER**

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