

## Rating Rationale

### Brickwork Ratings Reaffirms/Assigns 'BWR BB+' for the enhanced Bank Loan Facilities aggregating ₹ 15.50 Cr of Anadi Rice Mill Pvt. Ltd.

Brickwork Ratings (BWR) has *reaffirmed/assigned* the following **Rating<sup>1</sup>** for proposed enhanced Bank Loan Facilities of Anadi Rice Mill Pvt Ltd. (*ARMPL or the Company*)

Facility	Present Limits (₹ Cr)	Previous Limits (₹ Cr)	Tenure	Ratings	Ratings History
					<b>Nov 26, 2012</b>
Fund Based: <b>Cash Credit</b> <b>SLC</b> <b>Term Loan</b>	<b>8.25</b> - <b>0.50</b>	8.25 1.20 1.76	<b>Long Term</b>	<i>Reaffirmed</i> <b>BWR BB+</b> (Pronounced BWR Double B Plus )  <b>Outlook - Stable</b>	BWR BB+ (BWR Double B Plus) Outlook-Stable
Fund Based: <b>Proposed CC</b>	<b>6.75</b>	-		<i>Assigned</i> <b>BWR BB+</b> (Pronounced BWR Double B Plus)  <b>Outlook - Stable</b>	-
<b>Total</b>	<b>15.50</b>	11.21	<b>INR Fifteen Crores &amp; Fifty Lakhs only</b>		

BWR has essentially relied upon the audited financial results of ARMPL up to FY 14 and estimates and projections for FY15 and onwards, and information and clarifications provided by the Company.

The rating factors the successful commissioning of the new atta unit and its contribution to the turnover, track record of developing diverse clientele including various govt. departments, good order-book position and moderate financial performance. However, the rating is constrained by the relatively small scale of operations and consequent small net worth. The Company being in an industry related to food consumption, where generally the margins are low, is also a limiting factor.

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

### **Company Background:**

Kolkata based Anadi Rice Mills Pvt Ltd (ARMPL) was established as a proprietorship firm in the year 2005 with an installed capacity of 18000 MT of rice per annum. The firm was converted into a Pvt Ltd Company in the year 2009 and increased its capacity to 60000 MT per annum. The Company is primarily engaged in milling & processing of rice. Apart from that, the Company has opened an Atta Chakki unit, mainly to supply fortified Atta under the Govt. PDS system. In the rice business, ARMPL sells 40% of revenue to government and 60% to private players.

### **Management:**

The foundation of Anadi group was laid by Mr. Shankar Prasad Dudhwewala, who has vast experience in providing services to various Govt. Agencies on Food Storage System. Mr. S P Dudhwewala is also a known expert on textiles. Mr. Anadi Dudhwewala and Ms. Manjari Dudhwewala are also active Directors on the Board.

### **Financial Performance:**

For FY14, the Company has reported turnover of ₹ 50.82 Cr which was 13% lower than the estimated amount. This was mainly on account of delay in the commencement of the new atta unit. However, Profitability was comfortable with PAT at ₹ 1.05 Cr.

Apart from retention of profits, the promoters have brought additional investment which has been considered as quasi capital, and overall, the Net Worth improved from ₹ 8.74 Cr in FY'13 to ₹ 10.67 Cr in FY'14, causes a low gearing of 0.94 x. Gearing level is expected to improve further in FY'15 with the net cash accruals and repayment of TL debt obligations. The debt protection metrics, mainly interest coverage ratio, DSCR and NCATD have remained comfortable on the back of profitability.

The liquidity profile of ARMPL was moderate. During FY'14 receivables period was also at comfortable level coupled with days payable.

For FY 14-15 the Company's expected to have higher capacity utilization and achieve a turnover of ₹ 60.00 Cr.

**Rating Outlook:**

Company's Rating outlook for the next year is 'Stable'. Going forward, ability of the Company to retain the customer portfolio, achieve the projected volume of sales and improve the level of profitability, as also optimally use working capital facilities by increasing capacity utilization - will be the key rating sensitivities.

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