



Rating Rationale

Ashta Lakshmi Rice Industry

02 August 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs.9 Cr of Ashta Lakshmi Rice Industry

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Cash Credit	6.00	6.00	Long Term	BWR B Outlook: Stable	BWR B Outlook: Stable
Bank Guarantee	3.00	3.00	Short term	BWR A4	BWR A4
Total	9.00	Rs.9.00 (Rupees Nine Crores Only)			

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

Rating Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The assigned rating factors in the experience of the promoters' in the rice milling and trading business, locational advantage, demand prospects for rice industry. The ratings are however constrained by small of operations, thin profitability, highly competitive nature of the industry, Agro-climatic risks, inherent risk as a partnership nature of the firm, working capital intensive nature of operations. Going forward, the firm's ability to improve its scale, profitability, and manage its working capital requirement would remain the key rating sensitivities

Rating Outlook: Stable

BWR believes the ALR's 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 Firm

Ashta Lakshmi Rice Industry was established in the year 2010 as a partnership firm located at Mandapeta, Andhra Pradesh .The firm is promoted By Mr. G Krishna Murthy and other 19 members of the family are other partners. Firm is engaged in the business of processing and trading of rice and other by products in the domestic market. The firm has its manufacturing unit located at Mandapeta, Andhra Pradesh with a Processing capacity of 4 Metric tons per day.' The firm markets its products under the brand name of 'ALR'.

Firm Financial Performance

As per its audited financial of FY16, ALR has reported EBITDA of Rs.0.82 crore and PAT of Rs.0.03 crore on total operating income of Rs.10.61 crore. As on 31/03/2016 firm's Tangible networth is Rs.2.53 crore coupled with Debt/Equity ratio of 0.52 times, Net Profit Margin, Operating Profit Margin, and Current Ratio is recorded as 0.25%, 7.77%, 13.86 times respectively.

As per CA Certified Provisional Financials of FY17 ALR has reported EBITDA of Rs.0.68 crore and PAT of Rs.0.06 crore on total operating income of Rs.24.86 crore

Please find the

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	12-08-2016	20-08-2015	Date in 2014
1.	Cash Credit	Long Term	6.00	BWR B	BWR B	BWR B+	BWR B+
2.	Bank Guarantee	Short Term	3.00	BWR A4	BWR A4	NA	

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: NA

Any other information: NA

Hyperlink/Reference to applicable Criteria

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



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For print and digital media

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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, 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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.



Ashta Lakshmi Rice Industry
Key Financial Ratios
Annexure-I

	31-Mar-2016 Audited	31-Mar-2015 Audited
Net Sales/Revenues (crore)	10.61	18.01
EBIDTA (crore)	0.82	1.57
PAT (crore)	0.03	0.06
Tangible Networth (crore)	2.53	2.73
Total Debt : TNW (times)	0.52	1.97
Current Ratio (times)	13.86	30.59