Rating Rationale

Brickwork Ratings, on a review, reaffirms long term ratings BWR B+ (Outlook: Stable) for Bank Loan Facilities of Shri Annapurna Industries

Brickwork Ratings, on a review reaffirms the following **Rating**[1] for Bank Loan Facilities ₹8.16 Cr of Shri Annapurna Industries (SAI or the firm)

Facilities	Previous Limits in ₹ Cr	Present Limits in ₹ Cr	Tenure	Previous Rating	Review Rating
Fund Based					
Cash Credit	7.25	**8.00**	**Long Term**	BWR B+ (BWR B Plus) Outlook: Stable	**BWR B+ (BWR B Plus) Outlook: Stable (Reaffirmation)**
Term Loan	0.25	**0.16**			
Stand by line of Credit	0.75	-			
Total	8.25	**8.16**	**INR Eight Crores Sixteen Lakhs Only**		

BWR has relied upon audited financial up to FY15 and un certified Provisional of FY16, publicly available information and the information/clarifications provided by the firm.

The rating assigned derives strength from experience of the partners in rice processing industry, Gradual increase in total revenue Y-O-Y, Adequate liquidity position and Established relationship with key suppliers locational advantage of being located paddy cultivation area. However, the rating is constrained by High gearing level, Low profit margin, and stretched cash conversion cycle, weak debt protection metrics and low net worth. The rating is further constrained by intense competition, Government regulations and exposed to seasonal risk being agri commodity

Background and Operations

Shri Annapurna Industries is a partnership concern established in the year 2000. The firm is managed by the partners, Mr .Anil Kumar, Mr.Krishna Lal Arora ,Smt Aruna Rani and Neeru Arora . The firm is engaged in processing of Rice and by products , Rice Bran & Husk and has its processing unit located in Gadrapur , Uttarkhand . The firm is making common Grade A and Basamthi rice and has installed capacity of ~9 tons per hour. The raw materials paddy is procured through registered government dealers. The inventory of raw material and finished goods is stored in own go down and with other warehouses

Financial Performance

SAI reported total revenue from operations of Rs 19.25 Crs in FY 15 as against Rs 18.54 Crs in FY 14 . Operating profit margin of the firm was at 6.56% in FY 15. Tangible net worth stood at Rs 2.29 Crs as on 31st March 2016

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Rating Outlook

The Outlook of the Firm is expected to be stable over the next one year. Going forward, the ability of the firm to improve its top line by sustaining the profitability margins, manage working capital efficiently, rationalize its capital structure and servicing the debt obligations promptly will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com

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.