



Rating Rationale

Sri Ananda Lakshmi Narasimha Industries India Private Limited

19 Jun 2018

Brickwork Ratings upgraded the rating to ‘BWR B+ (Outlook: Stable)’ for the Bank Loan Facilities of Rs. 26.35 Crore of Sri Ananda Lakshmi Narasimha Industries India Private Limited .

Particulars

Facilities Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based					
Cash Credit	14.00	14.00	Long	BWR B- <i>(Pronounced BWR Single B Minus)</i> Outlook: Stable	BWR B+ <i>(Pronounced BWR Single B Plus)</i> Outlook: Stable Upgraded
Term Loan	14.96	12.35	Term		
Total	28.96	Rs. 26.35 Crore (Rupees. Twenty Six Crore Thirty Five Lakh Only)			

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

Rating: Brickwork Ratings upgraded the Long Term rating to BWR B+ (*Outlook: Stable*) for the Bank Loan Facilities of Rs. 26.35 crore of Sri Ananda Lakshmi Narasimha Industries India Private Limited [*‘SALNIPL’ or ‘the company’*].

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Brickwork Ratings has essentially relied upon the audited financials upto FY17, publicly available information and information/clarifications provided by the company’s management.

The rating upgradation factored, y-o-y growth in revenue, achievement of full operational capabilities and established operational track record. The rating continues to factor the experience of management in rice milling industry, established relationship with customers & suppliers and locational advantage of the company’s rice processing unit being located in and around paddy cultivating districts of Andhra Pradesh. However, the rating continues to be constrained by thin profitability margins, moderate leverage ratios, susceptibility of profitability margins to volatility in paddy prices, intense competition in a highly fragmented industry, Government Regulatory changes, agro climatic risks associated with paddy cultivation and working capital intensive nature of business operations.

Going forward, ability of the company to improve its scale of operations, to improve its profitability, to strengthen its financial profile and to manage its working capital efficiently will be the key rating sensitivities.



Key Rating drivers

Credit Strengths

- SALNIPL's management has extensive experience in rice milling industry and has complete understanding of Rice milling industry which enables them to understand market dynamics and establish strong relationship with customers and suppliers.
- The company has obtained its full operational capabilities with an installed capacity of processing 27 tonne of rice per hour and equally supported by 1 MW Cogeneration unit to meet the power requirements.
- The company's rice milling unit is located at Samisragudem Village, Nidadavole Mandal, West Godavari - a paddy growing belt of Andhra Pradesh which ensures availability of paddy directly from farmers, making operations more cost-effective.

Credit Weaknesses

- Profitability margins are thin on account of stiff competition from both organized and unorganized players in the industry.
- Since paddy is an agricultural commodity, its availability and price are dependent on Agro climatic conditions.
- Entry barriers in rice milling industry are low on account of limited Capital & Technology requirements and low differentiation in end product. This leads to intense competition and limits the pricing power resulting in low profitability.

Analytical Approach

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

Rating Outlook: Stable

Brickwork Ratings believes that **Sri Ananda Lakshmi Narasimha Industries India Private Limited'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 Company

Sri Ananda Lakshmi Narasimha Industries India Private Limited was incorporated in May 2012 at Samisragudem Village, Nidadavole Mandal, West Godavari, Andhra Pradesh. The company is engaged in milling of paddy to Boiled rice and Raw rice with by-products like husk, rice bran, broken rice and others. The firm is also engaged in trading of paddy. The company's rice processing unit has achieved its full operational capabilities in 2017 and is equipped with a cooking system of capacity 280 tonne. The rice mill has an aggregate installed capacity of



processing 27 tonne of rice per hour. The company sells boiled rice under the unregistered brand name 'Alexander Fleming' and raw rice under the unregistered brand 'Sunrise'.

Shri. C Naga Sridhar, Shri. C Satya Krishna, Smt. C Naga Sampathi Tayaru and Smt. C Venkata Lakshmi are the directors of the company.

Financial Performance:

SALNIPL's revenue has increased to Rs. 53.54 crore with a net profit of Rs. 0.28 crore for FY17 from Rs. 13.24 crore with a net loss of Rs. 2.41 crore for FY16. Tangible net worth stood at Rs. 8.30 Crore as on 31st March 2017. On a provisional basis, the company reported a revenue of around Rs. 114.93 crore in FY18.

Key Financial Parameters

(Rs. Crore)		FY16	FY17
		Audited	Audited
Revenue	Rs. Cr	13.24	53.54
EBIDTA	Rs. Cr	3.70	5.14
Profit After Tax	Rs. Cr	(2.41)	0.28
Tangible Net worth	Rs. Cr	8.02	8.30
Total Debt : Tangible Net worth	Times	4.13	3.74
Current Ratio	Times	1.56	1.11

Rating History for the last three years

Sl. No.	Instrument/ Facilities	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs. Cr)	Ratings	2017 ¹ (13 th Jan 2017)	2016	2015
1	Cash Credit	Long Term	14.00	BWR B+ (Outlook: Stable) <i>Upgraded</i>	BWR B- (Outlook: Stable) <i>Assigned</i>	-	-
2	Term Loan		12.35			-	-
Total			Rs. 26.35 Crore (Rupees. Twenty Six Crore Thirty Five Lakh Only)				

¹ Amount Rated: Rs. 28.96 Crore



Status of Non-Cooperation with Other CRA: Not Available

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

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

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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

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