

Rating Report

Brickwork Ratings reaffirms/assigns 'BWR BB+' for the enhanced Banking Facilities of ₹ 15.50 Cr of Anadi Rice Mill Pvt. Ltd.

Brickwork Ratings (BWR) has reaffirmed/assigned the following **Ratings¹** for the proposed enhanced Bank Loan Facilities amounting to ₹ 15.50 Cr of Anadi Rice Mill Pvt Ltd.

Facility	Present Limits (₹ Cr)	Previous Limits (₹ Cr)	Tenure	Ratings (Reaffirmed)	Ratings History November 26, 2012
Fund Based: Cash Credit SLC Term Loan	8.25 - 0.50	8.25 1.20 1.76	Long Term	BWR BB+ (BWR Double B Plus) (Outlook : Stable)	BWR BB+ (BWR Double B Plus) (Outlook : Stable)
Fund Based: Proposed CC	6.75	-	Long Term	BWR BB+ (BWR Double B Plus) (Outlook : Stable)	-
Total	15.50	11.21	(INR Fifteen Crores and Fifty Lakhs only)		

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.

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

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

Dudhwewala is also a known expert on textiles. Mr. Anadi Dudhwewala and Ms. Manjari Dudhwewala are also active Directors on the Board.

Credit Risk Assessment:

The commercial production for Atta Unit commenced in February 2014. Hence, FY14 was the first year of operations only for couple of months. Initially the Company estimated its commercial operation in FY' 13 but was delayed. So, full year operational benefit the Company could not enjoy. Hence; for FY'14 turnover was 13% lower than the expected level. With the present order book position and optimum level of capacity utilization ARMPL's revenue is expected to increase from FY 2014-15 and onwards. Gearing level of the Company though is small, with regular funding by promoters retains the gearing at comfortable level. Scale of operations is also expecting to improve further in the medium term from the new atta unit.

Financial Performance:

For FY14, the Company has reported turnover of ₹50.82 Crs 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 Crores. 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 Crs in FY'13 to ₹10.67 Crs 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 Crs.

The financial details are in the Annexures I, II & III.

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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Anadi Rice Mill Pvt. Ltd.

Balance Sheet

Annexure: I

Balance Sheet				
₹ in Crores	Mar'11	Mar'12	Mar'13	Mar'14
Liabilities	Audited	Audited	Audited	Audited
EQUITY AND RESERVES	5.34	5.81	8.74	10.67
Share capital	0.85	0.85	0.85	1.04
Preference Share Capital/Quasi Equity	0.00	0.00	0.00	1.84
Share Application money Pending allotment	0.38	0.53	2.37	0.00
Reserves and Surplus	4.11	4.43	5.52	7.79
Non-current liabilities	2.75	4.11	2.70	2.60
Long-Term Borrowings*	2.75	4.11	2.70	0.73
Current liabilities	8.24	8.15	8.60	9.24
Short-Term Borrowings	7.84	7.57	8.21	8.95
Trade Payables	0.38	0.45	0.14	0.02
Other Current Liabilities	0.02	0.04	0.00	0.00
Short-Term Provisions	0.00	0.08	0.25	0.28
Total Liabilities	16.33	18.07	20.05	20.67
ASSETS				
Non-current assets	4.72	5.27	5.53	5.35
Net Fixed assets	4.72	5.27	5.53	5.28
Deferred Tax Assets (Net)	0.00	0.00	0.00	0.00
Current assets	11.61	12.81	14.52	15.32
Inventories	10.60	11.18	10.18	12.46
Trade Receivables > Six Months	0.00	0.00	0.00	0.04
Trade Receivables < Six Months	0.31	1.02	3.19	1.15
Cash and Cash Equivalents	0.08	0.05	0.10	0.12
Short-Term Loans and Advances	0.53	0.40	0.67	0.72
Other Current Assets	0.00	0.17	0.38	0.83
Total Assets	16.33	18.07	20.05	20.67

*'Long term borrowings from Promoters considered as Quasi Capital in FY'14'

Anadi Rice Mill Pvt. Ltd

Income Statement

Annexure: II

Profit and Loss Account				
₹ in Crores	Mar'11	Mar'12	Mar'13	Mar'14
Result Type	Audited	Audited	Audited	Audited
Gross Sales	32.37	37.41	42.51	50.82
Net Sales	32.37	37.41	42.51	50.82
Total Operating Income	32.37	37.41	42.51	50.82
Operating Expenses	30.69	34.63	39.44	47.73
OPBDIT	1.68	2.78	3.07	3.09
Depreciation/Amortization/Impairment	0.15	0.57	0.51	0.54
OPBIT	1.53	2.21	2.56	2.54
Interest and Finance Charges	0.99	1.89	1.46	1.27
OPBT	0.54	0.31	1.10	1.27
Non- Operating Income(Expenses)	0.02	0.00	-0.01	0.05
PBT	0.57	0.32	1.10	1.32
Provision for Taxes	-0.10	0.00	0.00	0.26
PAT	0.66	0.32	1.10	1.05

Annexure: III: Ratio Analysis (As Per BWR Calculation)

Particulars	FY'11	FY'12	FY'13	FY'14
	Audited	Audited	Audited	Audited
Total Debt/TNW	1.98	2.01	1.25	0.94
Total Debt/TNW(Analyzed)	1.98	2.01	1.25	1.17
Long Term Debt/TNW	0.52	0.71	0.31	0.29
TOL/TNW	2.06	2.11	1.29	1.28
ISCR(Analyzed)	1.71	1.47	2.10	2.42
DSCR	1.83	1.22	1.50	1.73
DSCR(Analyzed)	1.83	1.10	1.26	1.59
Net Cash Accruals/Total Debt	0.08	0.08	0.15	0.14
Net Cash Accruals/Long Term Debt	0.30	0.22	0.59	0.62
Net Profit Margin	2.05	0.85	2.58	2.07
Operating Profit Margin	5.20	7.43	7.23	6.08
ROCE	9.62	13.21	13.80	12.72
Current Ratio(Analyzed)	1.41	1.57	1.69	1.65
Days Receivables	3	6	18	16
Days Inventory	127	116	100	87
Days Payable	4	5	3	1
Conversion Cycle	127	118	115	103