

## Rating Report

### Brickwork Ratings assigns 'BWR B+' for the Bank Loan Facilities of Ashta Lakshmi Rice Industry.

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for the Bank Loan Facilities amounting to ₹ **6.25 Cr** sanctioned by State Bank of India to Ashta Lakshmi Rice Industry ('ALRI' or 'the firm'):

Facilities	Limits (₹ Cr)	Tenure	Rating <sup>1</sup>
<b>Fund Based:</b>		Long Term	BWR B+ (Pronounced BWR Single B Plus) Outlook : Stable
Cash Credit	5.50		
SME Credit Plus	0.25		
Term Loan #	0.50		
<b>Total Amount</b>	<b>6.25</b>	<b>(INR Six Crores and Twenty Five Lakhs only)</b>	

# Amount Outstanding as on 11.8.15

BWR has essentially relied upon the audited financial results up to FY14, provisional financials of FY 15, publicly available information and clarifications provided by the firm's management.

The ratings have factored the experience of partners in rice milling business, with an operational track record since 2010, locational advantage of being in East Godavari district, a paddy growing region of Andhra Pradesh and visibility. However, the ratings are constrained by low scale of operations, vulnerability of profit margins to volatility in input prices, uncertainty in revenue streams emanating from the cyclical nature of business, government regulations, competition from organised and unorganised players, geographical concentration of its business limited to Andhra Pradesh and its neighbouring state.

#### Background:

Ashta Lakshmi Rice Industry was incorporated in 2010 as a partnership firm at Mandapeta, Andhra Pradesh. The firm has added one more new partner during the year, taking the total number of partners to 19 members. The firm's managing partner Mr. G Krishna Murthy has more than 15 years of experience in the rice milling industry. ALRI is engaged in milling of paddy and sale of rice and rice products. The firm markets its products under the brand name of 'ALR'.

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

The firm purchases paddy from various farmers located in and around Andhra Pradesh. The key customers are FCI, dealers in Kerala and Andhra Pradesh.

**Financial Performance:**

The firm has reported net revenue of Rs. 19.65 Crs and PAT of Rs 0.05 Crs in FY 14 as against Rs. 21.45 Crs and Rs. 0.06 Crs in FY13. The firm's Capital stood at Rs 3.19 Crs as on March 31, 2014 as against Rs. 2.98 Crs in FY 13. Debt Protection metrics was slightly low with ISCR at 1.48 times and DSCR at 1.16 times as on March 31, 2014.

**Rating Outlook:**

The performance of the firm is expected to be stable over the next one year. Going forward, ability of the firm to increase its revenue, improve its profitability, achieve geographical and customer diversification in its revenue profile and manage its working capital efficiently will be the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**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**

**ANNEXURE I: PROFIT AND LOSS ACCOUNT**

(Rs in Crs)

Particulars	FY 2013 Audited	Fy 2014 Audited	FY 2015 Provisional
<b>Net Sales</b>	<b>21.45</b>	<b>19.65</b>	<b>18.00</b>
Cost of Goods sold	19.24	17.90	16.33
<b>Total Operating Expenses</b>	<b>19.61</b>	<b>18.16</b>	<b>16.62</b>
<b>OPBDIT</b>	<b>1.39</b>	<b>1.10</b>	<b>1.02</b>
Depreciation/ Amortization/Impairments	0.53	0.42	0.36
Interest & finance charges	1.30	1.02	1.03
<b>OPBT</b>	<b>0.09</b>	<b>0.08</b>	<b>-0.02</b>
Non-operating Income (Expenses)	0.00	0.00	0.10
Provision for taxes	0.03	0.02	0.03
<b>PAT</b>	<b>0.06</b>	<b>0.05</b>	<b>0.06</b>

## ANNEXURE II: BALANCE SHEET

(Rs in Crs)s)

Particulars	FY 2013 Audited	Fy 2014 Audited	FY 2015 Provisiona 1
<b>EQUITY AND RESERVES</b>	<b>2.98</b>	<b>3.19</b>	<b>2.74</b>
Partners capital	2.98	3.19	2.74
<b>Non-current liabilities</b>	<b>1.87</b>	<b>1.06</b>	<b>0.65</b>
Long-Term Borrowings	1.87	1.06	0.65
<b>Current liabilities</b>	<b>6.56</b>	<b>3.33</b>	<b>4.89</b>
Short-Term Borrowings	6.22	2.62	4.71
Trade Payables	0.35	0.71	0.11
Other Current Liabilities & provisions	0.00	0.00	0.06
<b>Total Liabilities</b>	<b>11.41</b>	<b>7.59</b>	<b>8.28</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>3.77</b>	<b>3.09</b>	<b>2.75</b>
Net Fixed assets	3.75	3.08	2.74
Non-current Investments	0.03	0.01	0.01
<b>Current assets</b>	<b>7.64</b>	<b>4.50</b>	<b>5.53</b>
Inventories	6.09	4.09	3.64
Trade Receivables < Six Months	1.25	0.20	0.70
Cash and Cash Equivalents	0.08	0.05	0.98
Short-Term loans & advances	0.09	0.03	0.03
Other current Assets	0.12	0.13	0.18
<b>Total Assets</b>	<b>11.41</b>	<b>7.59</b>	<b>8.28</b>

**Ashta Lakshmi Rice Industry**

**ANNEXURE III: RATIOS**

Particulars		FY 2013 Audited	Fy 2014 Audited	FY 2015 Provisional
Total Debt/TNW (Analysed)	Times	2.71	1.10	1.88
ISCR	Times	1.48	1.48	1.33
DSCR	Times	1.11	1.16	1.23
Net Cash Accruals/Total Debt	Times	0.10	0.16	0.08
Net Profit Margin	%	0.29	0.27	0.33
Operating Profit Margin	%	8.92	7.71	7.66
ROCE	%	14.14	12.24	13.57
Current Ratio	Times	1.16	1.35	1.13
Days Receivables	Days	18	13	9
Days Inventory	Days	85	104	86
Days Payable	Days	3	11	9
Conversion Cycle	Days	101	106	87

*(Financial Ratios are as per BWR Calculations)*