

January 05, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	16.90	SMERA B/Stable (Assigned)
Term Loan	0.57	SMERA B/Stable (Assigned)
Letter of Credit	0.33	SMERA A4 (Assigned)
Bank Guarantee	0.12	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B' (read as SMERA single B)** and a short-term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.17.92 crore bank facilities of Ashirvad Food Products Private Limited (AFPPL). The outlook is '**Stable**'. The ratings are constrained by the company's working capital-intensive operations and weak financial risk profile. The ratings are also constrained by the susceptibility of the company's profit margins to volatility in raw material prices and intense competition in the food processing industry. The aforementioned weaknesses are partially offset by the company's established operations and diversified clientele.

AFPPL, established in 2003, is a Kolkata-based company engaged in manufacturing of whole wheat flour (atta), wheat flour (maida) and semolina (suji). AFPPL's weak financial risk profile is marked by low net worth of Rs.9.08 crore as on March 31, 2014 and moderate interest coverage ratio of 1.30 times in FY2013-14 (refers to financial year, April 01 to March 31). The company's gearing (debt-equity ratio) is high at 2.88 times as on March 31, 2014. AFPPL's operations are working capital-intensive, as evidenced by gross current assets (GCA) of 147 days and inventory holding period of 127 days in FY2013-14. The company's average utilisation of bank limit is high at ~98 per cent during June 2014 to November 2014.

AFPPL has a diversified clientele. The company has established relations with several customers in the consumer goods and retail industry.

Rating sensitivity factors

- Efficient working capital management
- Improvement in profit margins

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Outlook: Stable

SMERA believes AFPPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers substantial growth in scale of operations and significant improvement in profitability. The outlook may be revised to 'Negative' in case of deterioration in the company's financial profile.

About the company

AFPPL, incorporated in 2003, is a Kolkata-based company engaged in manufacturing of whole wheat flour (atta), wheat flour (maida) and semolina (suji). The overall operations of the company are managed by Mr. Lalit Kumar Poddar. AFPPL has a manufacturing unit in Purulia district, West Bengal.

For FY2013-14, AFPPL reported net profit of Rs.0.08 crore on operating income of Rs.76.60 crore, as compared with net profit of Rs.0.07 crore on operating income of Rs.67.30 crore in FY2012-13. AFPPL's net worth stood at Rs.9.08 crore as on March 31, 2014, as compared with Rs.9.00 crore a year earlier

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

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