

January 12, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan (proposed)	4.00	SMERA B/Stable (Assigned)
Cash Credit (proposed)	3.00	SMERA B/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B** (read as SMERA single B)' to the Rs.7.00 crore proposed bank facilities of Abhinaash Agrofood Industries Private Limited (AAIPL). The outlook is '**Stable**'. The rating is constrained by business risks inherent in the company's green field project. The rating is also constrained by the promoters' limited experience in the rice processing industry. However, the rating derives comfort from the location advantage available to the company. The rating also draws comfort from the advanced stage of the project.

AAIPL, incorporated in 2013, is a Jharkhand-based company established to undertake the business of processing rice. AAIPL is setting up a rice mill in Dumka, Jharkhand. The company's business profile will be highly susceptible to agro-climatic risk, competitive pressures and raw material price volatility. AAIPL's management has limited experience in the rice processing industry. The promoters of the company have ~15 years of experience in real estate business.

AAIPL's rice mill is in proximity to paddy growing areas in the Dumka region. The company is thus well-poised to source raw material directly from farmers. AAIPL's project is in the advanced stage of implementation. The company is likely to commence commercial production in January 2015.

#### Rating sensitivity factor

- Stabilization of operations

#### Outlook: Stable

SMERA believes the outlook on AAIPL's rated facilities will remain 'Stable' over the medium term considering the advanced stage of project implementation. The outlook may be revised to 'Negative' in case of delays in the commencement of production, or in case the company avails higher-than-anticipated debt for the ongoing project. The outlook may be revised to 'Positive' in case the company commences production on time and generates adequate cash flows for debt servicing.

#### About the project

AAIPL is setting up a rice mill in Dumka (Jharkhand), with installed capacity of 60 tonnes per day (TPD). The total project cost is estimated at Rs.7.50 crore, which is likely to be funded through term

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loan of Rs.4.00 crore (yet to be sanctioned) and promoter's contribution of Rs.3.50 crore. The project is likely to be completed by January 2015.

### **About the company**

AAIPL, incorporated in 2013, is a Jharkhand-based company promoted by Mr. Sanjay Kumar Chowdhury and Mr. Sunder Kumar Chowdhury. AAIPL is established to undertake the business of processing rice. The company is setting up a rice mill in Dumka, Jharkhand.

### **Contact List:**

Media/ Business Development	Analytical Contacts	Rating Desk
Mr. Anthony Jose Vice President, Business Development, Mid Corporate Tel: +91-22-6714 1111 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a>	Mr. Ashutosh Satsangi Vice President – Rating Operations Tel: +91-22-6714 1107 Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a>	Tel: +91-22-6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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