

Annapurna Agro Products: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Proposed Term Loan	8.00	SMERA B/Stable (Reaffirmed)
Proposed Cash Credit	8.00 (enhanced from Rs.6.00 crore)	SMERA B/Stable (Reaffirmed)

SMERA has reaffirmed the long term rating of **'SMERA B' (read as SMERA B)** on the Rs.16.00 crore (enhanced from Rs.14.00 crore) bank facilities of Annapurna Agro Products (AAP). The outlook is **'Stable'**. The ratings continue to remain constrained by the project execution risk, funding risk and intense market competition. However, the ratings are supported by an experienced management and proximity of the firm's processing unit to raw material sourcing areas.

Update

Of the total project cost of Rs.14.00 crore (increased from Rs.13.19 crore), the firm incurred expenses of Rs.3.75 crore which was paid out of promoters contribution. The project was expected to commence operations from April, 2016. However, the same has been extended to February, 2017 on account of delayed transfer of the factory plot MIDC. Further, the financial closure is pending as the term loan of Rs.8.00 crore is yet to be sanctioned by the bank.

Rating Sensitivity Factors

- Timely completion of the project
- Generating sufficient cash flows to meet debt servicing

Outlook-Stable

SMERA believes that the outlook of AAP will remain stable owing to the experience of its promoters. The outlook may be revised to 'Positive' if the firm stabilises operations as scheduled, leading to healthy cash inflows and improved financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and net cash accruals leading to deterioration in the financial risk profile, particularly liquidity. Further, significant delays in project execution leading to cost and time overruns may also entail a 'Negative' outlook.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Firm

AAP established in 2015, is a Solapur-based dal milling firm promoted by Mr. Irappa B Salakki, Mr. G.S. Dhange, Mr. G.B. Hanamshetti and Mr. Aravind G. Salakki. The firm plans to set up a tur dal processing unit at a cost of Rs.14.00 crore to be funded by a term loan of Rs.8.00 crore (yet to be sanctioned) and promoters' contribution of Rs.6.00 crore. The commercial operations of the same are scheduled to commence in February, 2017.

Rating History

Date	Facilities	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
27 November, 2015	Term Loan	8.00	SMERA B (Assigned)	-	Stable
	Cash Credit	6.00	SMERA B (Assigned)	-	Stable

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

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