

Press Release

ANNAPURNA AGRO PRODUCTS

04 January, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 16.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA B**' (**read as SMERA B**) on the Rs.16.00 crore bank facilities of ANNAPURNA AGRO PRODUCTS (AAP). The outlook is '**Stable**'.

AAP is a Solapur-based tur dal milling firm established by Mr. Irappa B Salakki, Mr. G.S. Dhang, Mr. G.B. Hanamshetti and Mr. Aravind G. Salakki in 2015. The firm with installed capacity of 1200 tonnes per year commenced commercial operations in July, 2017.

Key Rating Drivers

Strengths

- **Experienced management**

The Partners, Mr. Irappa B Salakki, Mr. G.S Dhang, Mr. G.B Hanamshetti and Mr. Arvind G Salakki have experience of more than two decades in the agro industry.

Weaknesses

- **Nascent stage of operations**

The firm commenced operations in July 2017 and registered revenue of Rs. 8.09 crore till October 2017. Further, the firm expects revenue of ~Rs. 16.00 crore in FY2018. SMERA believes that the firm's ability to scale up operations will remain crucial to maintain a stable credit risk profile.

- **Low networth, risk of capital withdrawal**

The networth stood at Rs. 1.17 crore as on 31 March, 2017. The gearing (debt-to-equity) stood at 4.41 times as on 31 March, 2017. The financial profile of AAP is susceptible to the inherent risk of capital withdrawal owing to the proprietorship constitution of the firm.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of AAP to arrive at the rating

Outlook: Stable

SMERA believes that the outlook of AAP will remain stable owing to the extensive 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.

About the Rated Entity - Key Financials	Unit	FY17 (Provisional)	
Operating Income	Rs. Cr.		0.00
EBITDA	Rs. Cr.		0.00

PAT	Rs. Cr.	0.00
EBITDA Margin	(%)	0.00
PAT Margin	(%)	0.00
ROCE	(%)	0.00
Total Debt/Tangible Net Worth	Times	4.41
PBDIT/Interest	Times	0.00
Total Debt/PBDIT	Times	0.00
Gross Current Assets (Days)	Days	0

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
03-Oct-2016	Proposed Long Term Loan	Long Term	INR 8	SMERA B / Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	INR 8	SMERA B / Stable (Reaffirmed)
27-Nov-2015	Term Loan	Long Term	INR 8	SMERA B / Stable (Assigned)
	Cash Credit	Long Term	INR 6	SMERA B / Stable (Assigned)

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Long Term Loan	NA	NA	NA	7.30	SMERA B / Stable (Reaffirmed)
Cash Credit	NA	NA	NA	8.00	SMERA B / Stable (Reaffirmed)
Proposed Long Term	NA	NA	NA	0.70	SMERA B / Stable (Assigned)

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ABOUT SMERA

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