

A. M. Industries: Reaffirmed

Facilities	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	6.67	SMERA BB-/Stable (Reaffirmed)
Proposed Cash Credit	3.33	SMERA BB-/Stable (Reaffirmed)
Letter of Credit	0.65	SMERA A4+ (Withdrawn)

SMERA has reaffirmed the long-term rating of **'SMERA BB-' (read as SMERA double B minus)** on the Rs.10.00 crore bank facility and withdrawn the rating of **SMERA A4+ (SMERA A four plus)** since the firm has fully repaid the limit as confirmed by the banker and management. The outlook is **'Stable'**.

The rating continues to be supported by the firm's experienced management and moderate financial risk profile. However, the rating is constrained by the highly competitive and fragmented rice industry and exposure to fluctuations in raw material prices.

AMI, incorporated in 2000, is promoted by Mr. Shiv Kumar Agarwal and Mr. Ankit Mittal who possess over a decade's experience in the aforementioned line of business.

Update

AMI's scale of operations is modest marked by operating income of Rs.35.33 crore in FY2016 as compared to Rs.36.78 crore in FY2015. The moderate financial risk profile is marked by high gearing which stands at 3.53 times in FY2016 as against 7.83 times in FY2015. However, the interest coverage stands at 3.18 times in FY2016 as compared with 5.99 times in the previous year. The healthy debt service coverage ratio (DSCR) is 3.18 times in FY2016 as compared to 5.99 times last financial year.

AMI operates in a highly competitive and fragmented rice industry. The rating factors in the exposure of the firm to risks related to fluctuations in raw material prices of paddy.

Outlook-Stable

SMERA believes that AMI Industries will maintain a stable outlook in the medium term on the back of the experienced management. The outlook may be revised to 'Positive' in case of improvement in profitability and capital structure and increase in scale of operations. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial profile.

Criteria applied to arrive at the rating:

- Manufacturing Entities

Rating Sensitivity Factors

- Scaling up operations
- Improvement in profitability margins

About the Firm

AMI, established in 2000, is an Uttar Pradesh-based partnership firm promoted by Mr. Shiv Kumar Agarwal and Mr. Ankit Mittal. The firm is engaged in the processing and export of basmati rice. The manufacturing facility is located at Hardoi, Uttar Pradesh with processing capacity of 10 ton per hour.

For FY2015-16, AMI reported profit after tax (PAT) of Rs.0.45 crore on operating income of Rs. 35.33 crore in FY2016 as compared with PAT of Rs.0.35 crore on operating income of Rs.36.78 crore for FY2014-15. The firm's net worth stands at Rs.1.27 crore as on March 31, 2016 as compared with Rs.0.97 crore a year earlier.

Rating History

Date	Facilities	Amount	Ratings		Outlook
		(Rs. Crore)	Long Term	Short Term	
10 September, 2015	Cash Credit	9.35	SMERA BB-(Assigned)	-	Stable
	Letter of Credit	0.65	-	SMERA A4+(Assigned)	

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ABOUT SMERA

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