



SMERA RATINGS LIMITED

A M Industries (AMI)

Rating Rationale

September 10, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	9.35	SMERA BB-/ Stable (Assigned)
Letter of Credit	0.65	SMERA A4+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the Rs.9.35 crore fund based bank facility and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.0.65 crore non-fund based bank facility of A M Industries (AMI). The outlook is '**Stable**'. The ratings are supported by the comfortable liquidity profile marked by efficient working capital cycle and limited reliance of the firm on external debt. The ratings also draw comfort from the extensive experience of the promoters in the rice milling business. However, the ratings are constrained by the firm's small scale of operations and thin profitability margin.

Outlook: Stable

SMERA believes AMI will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case of further improvement in its working capital cycle, revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the revenues, profitability or deterioration in the debt protection metrics.

Rating Sensitivity Factors

- Scaling up of operations
- Improvement in profitability margins

About the Firm

AMI, a partnership firm established in 2000 by Mr. Shiv Kumar Agarwal and Mr. Ankit Mittal is engaged in the processing and export of basmati rice. The firm has a production unit in Hardoi, Uttar Pradesh with a processing capacity of 13,250 tonnes per annum.

For FY2013-14, AMI reported net profit of Rs.0.08 crore on total income of Rs.26.36 crore, as compared with net profit of Rs.0.01 crore on total income of Rs.24.96 crore in FY2012-13. The company has achieved operating income of Rs.36.77 crore (provisional) in FY2014-15. AMI's net worth stood at Rs.0.77 crore as on March 31, 2014, as compared with Rs.0.74 crore a year earlier.

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