

Aditya Rice Industries

Instrument	Amount in Rs crore	Rating Action
Fund based limits	10.41	[ICRA]B+ re-affirmed
Unallocated limits	2.59	[ICRA]B+ re-affirmed
Total	13.00	

ICRA has reaffirmed the long term rating of [ICRA]B+ (pronounced ICRA B plus) assigned to Rs 10.41 crore¹ fund based limits of Aditya Rice Industries(ARI)[†]. ICRA has also reaffirmed the rating of [ICRA]B+ assigned to Rs 2.59 crore unallocated limits of ARI.

The reaffirmation of rating continues to be constrained by ARI's small scale of operations in the rice milling industry, its weak financial profile characterized by low profitability indicators, high gearing of 2.96 times, moderate coverage indicators with interest coverage ratio of 2.03 times and NCA/total debt at 13% and risks arising from partnership nature of the firm. The rating is further constrained by intense competitive nature of the rice milling industry restricting operating margins and agro climatic risks, which can affect the availability of the paddy in adverse weather conditions. The rating is however supported by the long track record of the promoters in the rice mill business and ease in paddy procurement due to plant location in major paddy cultivating region of the country. Further, favorable demand prospects of the industry with India being the second largest producer and consumer of rice internationally augurs well for the firm.

Going forward, the firm's ability to improve its profitability and manage its working capital requirements will be key rating sensitivities from credit perspective.

Firm Profile

Aditya Rice Industries (ARI) was founded in the year 2011 as a partnership firm and is engaged in the milling of paddy and produces raw and boiled rice. The firm started its operations from February 2012. The firm has a milling unit in Settipleem village of Nalgonda district of Telangana with an installed capacity of 8 tons per hour.

Recent Results

ARI has reported an operating income of Rs. 24.73 crore and net profit of 0.14 crore respectively in FY2015 as against an operating income and net profit of Rs. 41.19 crore and Rs. 0.34 crore in FY2014.

March 2016

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¹ 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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