

Lakshmi Ganapathi Rice Mill

Instrument	Amount Rated In Rs. Crore	Rating Action
Long term fund based	21.06	[ICRA]BB-/Stable; Reaffirmed
Short term non fund based	0.09	[ICRA]A4 ; Reaffirmed
Unallocated	3.85	[ICRA]BB-/Stable; Reaffirmed

ICRA has reaffirmed the long-term rating assigned to Rs. 21.06 crore fund based bank facilities and Rs. 3.85 crore unallocated limits of Lakshmi Ganapathi Rice Mill (LGRM) at [ICRA]BB- (pronounced as ICRA double B minus). ICRA has also reaffirmed the short term rating assigned to Rs. 0.09 crore non fund based limits at [ICRA]A4 (pronounced as ICRA A Four) of Lakshmi Ganapathi Rice Mill (LGRM). The outlook on the long term rating is Stable.

The rating reaffirmation factors in the modest financial profile of the firm characterized by the low profitability and modest coverage indicators. The rating continues to factor in the highly fragmented and competitive nature of the industry which limits the pricing flexibility. ICRA notes that the performance of the industry is dependent on the government's MSP policy and also the agro-climatic risks which affect the availability of paddy. The ratings also factors in the higher exposure of the rice mill to the Kerala market where the margins on the boiled rice have declined owing to the increased supply.

The rating, however, factors in the presence of the milling facility in major rice growing region of Andhra Pradesh (East Godavari District), and the longstanding experience of promoters in this industry.

Going forward, the ability of the firm to increase its sales and improve the profitability in the highly competitive industry would remain key rating sensitivities.

Firm Profile

Lakshmi Ganapathi Rice Mill is a partnership firm established in 1981 and is engaged in the milling of paddy for the production of non-basmati rice products (raw rice & boiled rice). The milling unit is located in East Godavari District, Andhra Pradesh with an installed capacity of 86000 MTPA. The promoters of the firms have a long standing experience in the Rice Milling Industry.

Recent Result

As per provisional FY16 financials, the firm registered PAT levels of Rs. 0.83 crore on an Operating income of Rs. 104.63 crore as against PAT levels of Rs. 0.79 crore on an Operating income of Rs.100.97 crore in FY15.

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