

Abhinav Industries

Rating Instrument	Amount	Rating Action
Fund Based – Term Loan	Rs. 0.70 crore	[ICRA]B assigned
Fund Based – Cash Credit	Rs. 0.50 crore	[ICRA]B assigned
Non-fund Based – Bank Guarantee	Rs. 6.50 crore	[[ICRA]A4 assigned
Unallocated Limits	Rs. 0.30 crore	[ICRA]B / [ICRA]A4 assigned

ICRA has assigned a long-term rating of [ICRA]B (pronounced ICRA B) to the Rs. 0.70-crore term loan, Rs.0.50-crore cash-credit limit and Rs. 0.30-crore unallocated limits of Abhinav Industries (AI). ICRA has also assigned the short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 6.50-crore non-fund based limits of AI. The ratings of the above unallocated limits of Rs. 0.30 crore have also been rated at [ICRA]A4 on the short-term scale.

The assigned ratings take into account the entity's weak financial risk profile characterised by leveraged capital structure and modest coverage indicators as well as low entry barrier in an intense competitive and highly fragmented rice-milling industry. The ratings also factor in the risks inherent in an agro-based business like rice milling, including the vulnerability towards the changes in Government policies and raw material supply risks as the level of harvest and the quality of paddy depend on agro-climatic conditions. The ratings also reflect the risk associated with the legal status of AI as a proprietorship firm, including the risk of withdrawal of capital by the proprietor.

The ratings, however, derive comfort from the proprietor's experience in the rice-milling business and the healthy growth in revenue in FY2016, supported primarily by increase in custom milling and labour contract business.

In ICRA's opinion, the ability of the company to scale up its operations while managing its working capital requirements efficiently would be key rating sensitivities, going forward.

Company Profile

Abhinav Industries (AI), incorporated in 2005, is involved in custom milling of paddy for Chhattisgarh Government agency from its manufacturing facility at Balodabazar in the district of Bhatapara, Chhattisgarh. The current installed capacity of the plant is 45,000 metric tonne per annum (MTPA) of paddy for milling rice. In addition to its own manufacturing, the firm is also involved in labour-contract work. The firm is promoted by Mr. Ashwini Kumar Sharma.

Recent Results

During FY2016, AI reported a profit after tax (PAT) of Rs. 0.39 crore on an operating income (OI) of Rs. 8.57 crore compared to a PAT of Rs. 0.13 crore on an OI of Rs. 3.80 crore during FY2016.

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