

December 11, 2014

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	6.00	SMERA B+/Stable (Assigned)
Term Loan	1.40	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (**read as SMERA single B plus**) to the Rs.7.40 crore long-term (fund based) bank facilities of Baba Sewa Singh Industries (BSSI). The outlook is '**Stable**'. The rating is supported by the firm's established track record of operations and experienced management. However, the rating is constrained by the firm's weak financial risk profile, small scale-operations and working capital-intensive business. The rating is also constrained by the firm's exposure to intense competition in the rice processing industry.

BSSI, established in 2004, is a Jalalabad-based proprietorship firm engaged in processing and trading of rice. BSSI benefits from its experienced management. Mr. Tikka Gurpratap, proprietor of BSSI, has around ten years of experience in the firm's line of business.

BSSI's weak financial risk profile is marked by low capital base of Rs.1.14 crore and high leverage (debt-to-capital ratio) of 4.83 times as on March 31, 2014. Moreover, the firm's interest coverage ratio is low at 1.53 times in FY2013-14 (refers to financial year, April 01 to March 31). BSSI has small-scale operations marked by revenues of Rs.9.37 crore in FY2013-14. The firm's stretched liquidity position is evidenced by extended working capital cycle of 228 days in FY2013-14. BSSI operates in an intensely competitive segment of the rice processing industry.

Outlook: Stable

SMERA believes BSSI will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the firm registers substantial growth in revenues and cash accruals while achieving efficient working capital management. The outlook may be revised to 'Negative' in case of deterioration in the firm's financial risk profile.

About the firm

BSSI, established in 2004, is a Jalalabad-based proprietorship firm promoted by Mr. Tikka Gurpratap. BSSI undertakes processing and trading of rice. The firm has a processing unit in Jalalabad (Punjab), with installed capacity of two tonnes per hour.

For FY2013-14, BSSI reported profit after tax (PAT) of Rs.0.05 crore on operating income of Rs.9.37 crore, as compared with PAT of Rs.0.08 crore on operating income of Rs.10.00 crore in FY2012-13.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

BSSI's net worth stood at Rs.1.14 crore as on March 31, 2014, as compared with Rs.1.14 crore a year earlier.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal Vice President – SME Sales Tel: +91-22-6714 1177 Cell: +91 9930074009 Email: virendra.goyal@smera.in Web: www.smera.in	Mr. Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.