

**June 05, 2015**

Facilities	Amount (Rs. Crore)	Rating
Term Loan	1.95	SMERA BB-/Stable (Assigned)
Cash Credit	2.50	SMERA BB-/Stable (Assigned)
Proposed Term Loan	2.00	SMERA BB-/Stable (Assigned)
Proposed Cash Credit	4.00	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.10.45 crore bank facilities (including Rs.6.00 crore proposed) of Rivu Enterprises Private Limited (REPL). The outlook is '**Stable**'. The rating is supported by the company's experienced management, strong revenue growth, and healthy financial profile. However, the rating is constrained by the susceptibility of profit margins and raw material price volatility. The rating is also constrained by the likelihood of the outbreak of poultry diseases and exposure to intense market competition.

REPL, incorporated in 2010, is a Kolkata-based company engaged in the poultry business. The company is promoted by Mr. Goutam Das who has 30 years of experience in the business. REPL booked revenue of Rs.36.79 crore in FY2015 as compared to revenue of Rs.24.57 crore in the previous year - a growth of ~52 per cent on account of higher offtake. The company's healthy financial profile is marked by low gearing. The debt-to-capital ratio is low at 0.82 times as on March 31, 2015. REPL's healthy coverage indicators are reflected in interest coverage ratio of 2.23 times and net cash accruals to total debt of 0.16 times in FY2014-15. Going forward, the company plans to roll out franchises of around 150 soon.

However, REPL's profit margins are exposed to volatility in raw material prices (broiler). Also, any outbreak of bird flu or other poultry diseases can affect the company margins severely. The net worth of the company is moderate at Rs.5.08 crore as on March 31, 2015. REPL has modest-scale of operations marked by revenue of Rs.36.79 crore in FY2014-15.

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### Outlook: Stable

SMERA believes that REPL will continue to benefit over the medium term from its promoters' extensive experience in the poultry business. The outlook may be revised to 'Positive' in case of significant and sustained increase in the firm's revenues and profitability margin. Conversely, the outlook may be revised to 'Negative' if there is a significant decline in REPL's revenues or profitability margins, or if there is an elongation in its working capital cycle resulting in weakening of its financial risk profile.

### About the Company

REPL promoted by Mr. Goutam Das started operations as a proprietorship concern and later in 2010 became a private limited company. The company is engaged in the processing of chicken and targets hotels in Kolkata, Andaman and the North East for business.

REPL reported profit after tax PAT of Rs.0.20 crore on operating income of Rs.37.81 crore for FY2014-15, as compared with PAT of Rs.0.19 crore on operating income of Rs.24.94 crore in FY2013-14. The company's net worth stood at Rs.5.08 crore as on March 31, 2015, as compared with Rs.4.88 crore a year earlier.

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