

September 30, 2015

Facilities	Amount (Rs. Crore)	Rating
<b>Cash Credit</b>	<b>25.00*</b>	<b>SMERA B-/Stable (Assigned)</b>
<b>Term Loan I</b>	<b>5.35</b>	<b>SMERA B-/Stable (Assigned)</b>
<b>Term Loan II</b>	<b>7.65</b>	<b>SMERA B-/Stable (Assigned)</b>
<b>Term Loan III</b>	<b>0.91</b>	<b>SMERA B-/Stable (Assigned)</b>

\*PC/EBP/EBN as a sub-limit to the extent of Rs.15.00 crore.

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA B minus**) to the Rs.38.91 crore bank facilities of MRMC Foods Private Limited (MRMC). The outlook is '**Stable**'. The ratings are constrained by the company's high gearing of 5.15 times, stretched working capital cycle of 311 days in FY2014-15 and limited track record in the fragmented rice milling industry. However, the rating draws support from the experienced promoters.

### **Outlook: Stable**

SMERA believes MRMC will maintain its moderate business risk profile in the medium term owing to the experience of the management. The outlook may be revised to 'Positive' in case of improvement in the debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the working capital structure.

### **Rating Sensitivity Factors**

- Improvement in profitability.
- Improvement in debt protection metrics.
- Efficient working capital management.

### **About the Company**

MRMC, a Ferozpur-based company established in 2013 by Mr. Praveen Mangal and Mr. Rajeev Mangal is engaged in the processing and selling of non-basmati and basmati rice Pusa 1121 and Pusa 1509. The company commenced commercial production in November 2014.

MRMC reported profit after tax (PAT) of Rs.0.08 crore on operating income of Rs.36.61 crore for FY2014-15. The company's net worth stood at Rs.8.56 crore as on March 31, 2015 as compared with Rs.1.04 crore a year earlier.

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