

November 17, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	12.25	SMERA B/Stable (Assigned)
Term Loan	0.75	SMERA B/Stable (Assigned)

SMERA has assigned ratings of '**SMERA B**' (**read as SMERA single B**) to the Rs.13.00 crore bank facilities of Tirupati Oil Industries (TOI). The outlook is '**Stable**'. The rating derives comfort from the company's experienced management and favourable location of the company. However, the ratings are constrained by its modest scale of operations and weak financial risk profile. The rating also factors the uneven operating margins susceptible to seasonality associated with cotton industry.

### Rating Sensitivity

- Scaling up of operations while improving profit margins
- Ability to sustain the raw material price volatility
- Efficient working capital management

### Outlook: Stable

SMERA expects TOI to maintain its business risk profile backed by promoters' experience in the textile industry. The outlook may be revised to 'Positive' if the scale of operation of the firm improves with improvement in profit margins leading to better financial flexibility. Conversely, the outlook may be revised to 'Negative' if there is any adverse change in government policies regarding MSP and more than expected inventory days.

### About the Company

Tirupati Oil Industries was established in 1996, owned and managed by Mr. Babubhai Patel and other family members. TOI is engaged in ginning, pressing and crushing operations. The firm's manufacturing facility is located in Kadi, District Mehsana. The firm has 75 ginning machines and 1 pressing machine having the capacity to produce 500 cotton bales per day. The firm is also equipped with 10 expellers having the capacity to produce 900 tons of cottonseed oil per annum. TOI generates additional revenue from sale of Cotton Seed Oil, Cotton Seed Oil Cake.

For FY2014-15, TOI reported PAT of Rs. 0.07 crores on operating income of Rs. 63.55 crores as compared with PAT of Rs. 0.07 crores on operating income of Rs.84.49 crores for FY2013-14. The company's networth stood at Rs.7.88 crores as on March 31, 2015 as compared with Rs. 6.74 crores a year earlier.

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

**Contact List:**

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:anton.y.jose@smera.in">anton.y.jose@smera.in</a>	Vinay Chhawchharia Associate Vice President – Operations Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.