

December 30, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	11.00	SMERA BB-/Stable (Assigned)
Packing Credit	1.00	SMERA A4+ (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short-term rating of **SMERA A4+ (read as SMERA A four plus)** to the Rs.12.00 crore bank facilities of Saraswati Rice & General Mills (SRGM). The outlook is '**Stable**'. The ratings are supported by the firm's established operations, experienced management and strategic location of the processing unit. However, the ratings are constrained by the moderate financial risk profile marked by moderate leverage (debt-to-equity ratio) and coverage indicators. The ratings are also constrained by the firm's exposure to agro-climatic risk and intense market competition.

Outlook: Stable

SMERA believes that the firm will maintain its stable business risk profile owing to the management's extensive experience in the rice milling business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Scaling up of the operations while managing working capital funds
- Agro climatic risks

About the Firm

Incorporated in 1983, SRGM is a Haryana-based firm promoted by Mr. Pradeep Kumar and Mr. Manoj Kumar. The firm is engaged in the milling and trading of basmati and non-basmati rice and has an installed capacity of 6 MTPA.

For FY2014-15, SRGM reported net profit of Rs.0.12 crore on operating income of Rs.44.49 crore as compared to net profit of Rs.0.09 crore on operating income of Rs.33.93 crore in FY2013-14. The firm's net worth stood at Rs.5.87 crore (including unsecured loan of Rs.3.51 crore) as on March 31, 2015, as compared with Rs.4.65 crore (including unsecured loan of Rs.2.59 crore) a year earlier.

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