

December 31, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	6.50	SMERA B/Stable (Assigned)
Term Loan	1.08	SMERA B/Stable (Assigned)
Proposed Facility	2.00	SMERA B/Stable/SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B**' (read as SMERA single B) and '**SMERA A4**' (read as SMERA A four) to the Rs.9.58 crore bank facilities of Sri Shiva Durga Rice Industries (SSDRI). The outlook is '**Stable**'.

The rating is constrained by the weak financial risk profile, and declining operating margins. However, the rating draws comfort from the extensive industry experience of the promoter and long track record of operations followed by improving working capital cycle.

Outlook: Stable

SMERA believes SSDRIL will maintain a stable business risk profile over the medium term due to its extensive management experience. The outlook may be revised to 'Positive' in case the company registers more than anticipated growth in revenues, achieve sustainable profitability and while maintaining financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's profitability and returns on capital or in case of deterioration in the company's financial risk profile.

Rating Sensitivity Factors

- Ability to scale up operations
- Stability in operating margins
- Improvement in financial risk profile

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About the Company

Founded in the year 2007 as a partnership firm Sri Shiva Durga Rice Industries (SSDRI) is engaged in the milling of paddy and produces raw & boiled rice. The firm has a milling unit in Bebbigudem village of Nalgonda district of Telangana with an installed capacity of 4 tons per hour

For FY2014-15, SSDRI profit after tax (PAT) of Rs.0.23 crore, on operating income of Rs.30.16 crore, as compared with PAT of Rs.0.08 crore on operating income of Rs.26.12 crore in the previous year.

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