



SMERA RATINGS LIMITED

Shree Nathji Industries (SNI)

**Rating
Rationale****January 28, 2016**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.00*	SMERA B+/Stable (Assigned)

* Includes Export packing credit as a sublimit to the extent of Rs. 2.00 crore.

SMERA has assigned rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.6.00 crore bank facility of Shree Nathji Industries (SNI). The outlook is '**Stable**'. The rating is supported by the firm's healthy order book and experienced management. However, the rating is constrained by the moderate scale of operations and financial risk profile. The ratings also note that the firm's business profile is susceptible to competitive pressures, raw material price volatility and adverse changes in government regulations.

Outlook: Stable

SMERA believes that SNI will continue to maintain a stable business profile over the medium term owing to its experienced management and established presence in the ginning industry. The outlook may be revised to 'Positive' if the firm's scale of operations increases substantially, while also improving the operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' if it fails to achieve scalability amidst intensifying competition or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements. Additionally, adverse changes in government policies can also have a bearing on the outlook.

Rating Sensitivity Factors

- Ability to scale up operations
- Improvement in capital structure and coverage indicators

About the Firm

SNI, incorporated in 1995, is a Gujarat-based firm promoted by Mr. Mukesh Kumar Rachh. The firm undertakes cotton ginning, oil extraction and trading of agricultural commodities.

For FY2014-15, SNI reported profit after tax (PAT) of Rs.0.16 crore on operating income of Rs.25.10 crore, as compared with PAT of Rs.0.10 crore on operating income of Rs.22.29 crore in FY2013-14. The net worth of the firm stood at Rs.2.01crore as on March 31, 2015.

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) 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: antony.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchhai@smera.com	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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) for the latest information on any instrument rated by SMERA.