

March 10, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (**read as SMERA B Plus**) on the Rs.10.00 crore long-term (fund based) bank facilities of Shiv Shankar Rice Mills (SSRM). The outlook is '**Stable**'. The ratings are constrained by the moderate financial profile, marked by moderate profitability indicators, high costs of borrowing as well as agro climatic risks and exposure to risk related with fluctuation in raw material price.

However, the ratings are supported by the company's experienced management and proximity to rice growing area with self-owned agricultural land.

Outlook: Stable

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

Rating Sensitivity Factors

- Scaling up of operations while managing working capital funds
- Improvement in the financial risk profile
- Agro climatic risks

About the Company

Shiv Shankar Rice mills, based in Taraori, Haryana, India, are manufacturers, exporters and suppliers of Parboiled Basmati Rice, Long Grain Parboiled Basmati Rice, Traditional Basmati, Pusa Basmati and Basmati and in all forms, which includes Parboiled Basmati Rice, Long Grain Parboiled Basmati Rice, Brown, Milled Raw, Steamed, Sella - White /Golden.

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The company reported net profit of Rs.0.15 crore on total income of Rs.44.61 crore for FY2014–15, as compared with net profit of Rs.0.11 crore on total income of Rs.23.24 crore in FY2013–14. The net worth stood at Rs.5.22 crore as on March 31, 2015, as against Rs.1.64 crore a year earlier.

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