

**March 14, 2016**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA B/Stable (Assigned)
Term Loan	5.00	SMERA B/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA B**' (read as **SMERA B**) to the above mentioned bank facilities of Shiva Sai Industries and Traders (SSIT). The outlook is '**Stable**'. The rating is constrained by the firm's moderate scale of business, working capital intensive nature of operations and susceptibility of profit margins to volatility in commodity prices. However, the rating is supported by the firms experienced management.

Outlook: Stable

SMERA believes that SSIT will maintain a stable business risk profile in the medium term owing to the extensive experience of its promoter. The outlook may be revised to 'Positive' if the firm is able to scale up operations and improve its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure or further weakening of its profitability margins.

Rating Sensitivity Factors

- Scaling up of operations with improvement in profit margins
- Maintaining efficient working capital management
- Improving the capital structure

About the Firm:

The Bangalore-based SSIT, a partnership firm was promoted by Mr. Panduranga. The firm commenced operations in 2004 and is engaged in the processing and trading of fried Bengal gram.

For FY2014-15, the firm reported net loss of Rs.0.14 crore on operating income of Rs.30.18 crore, as compared with net loss of Rs.0.84 crore on operating income of Rs.14.74 crore in FY2013-14.

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SMERA RATINGS LIMITED

Shiva Sai Industries and Traders (SSIT)

*Rating
Rationale*

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