

March 14, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	4.50	SMERA B/Stable (Assigned)
Term Loan	1.50	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (**read as SMERA B**) on the Rs.6.00 crore long term (fund based) bank facilities of Shri Om Rice Mills (SORM). The outlook is '**Stable**'. The ratings are constrained by the firm's small scale of operations and weak financial profile marked by high gearing and moderate profitability indicators. Further, the ratings are also constrained by the low PAT margins and highly competitive rice milling business. However, the aforementioned weaknesses are partially offset by the experienced management and proximity to rice growing area.

Outlook: Stable

SMERA believes that the firm will maintain its stable business risk profile owing to the management's extensive experience and established relations 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 operations while managing working capital funds
- Improvement in the financial risk profile

About the Firm

The Uttar Pradesh-based, SORM, established in 1983 was promoted by Mr. Mahesh Chand Agnihotri, Mr. Ram Naresh Agnihotri, and family. The firm is engaged in rice milling and processing of paddy.

For FY2014–15, the firm reported profit after tax (PAT) of Rs.0.03 crore on operating income of Rs.9.01 crore, as compared with profit after tax (PAT) of Rs.0.14 crore on operating income of Rs.9.49 crore in FY2014. The net worth stood at Rs.1.12 crore as on March 31, 2015 against Rs.1.14 crore a year earlier.

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
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in Web: www.smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-011-4973 1317 Email: parimal.thakker@smera.in	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.