



SMERA RATINGS LIMITED

Bala Sundri Rice Mills (BSRM)

*Rating
Rationale*

March 30, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	3.50	SMERA B/Stable (Assigned)
Term Loan	3.00	SMERA B/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B' (read as SMERA B)** to the Rs.6.50 crore bank facilities of Bala Sundri Rice Mills (BSRM). The outlook is '**Stable**'.

The rating is constrained by the small scale of operations, moderate financials marked by low profitability margin and net worth. The rating is also constrained by the intense competition in the fragmented rice industry. However, the rating draws support from the experienced management.

Outlook: Stable

SMERA believes that the firm will maintain its stable business risk profile in the medium term owing to its established operations and extensive experience of the promoters. The outlook may be revised to 'Positive' in case of sustained increase in revenues, profitability margin and networth. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Improving networth

About the Firm

Promoted by Mr. Shyam Goyal and Mrs. Rama Goyal, BSRM, incorporated in 2009 as a proprietorship concern was converted into a partnership firm in 2013. The firm is engaged in the milling of basmati and non basmati rice.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.05 crore on operating income of Rs.28.12 crore, as compared with profit after tax (PAT) of Rs.0.01 crore on operating income of Rs.9.03 crore in FY2013-14. The net worth stood at Rs.0.99 crore as on March 31, 2015 against Rs.0.80 crore a year earlier. The total debt of Rs.1.63 crore includes unsecured loans of Rs.0.13 crore that are subordinated to bank debt as on March 31, 2015.

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.



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