

Saibaba Solvent Industries LLP: Assigned

Name of the Instrument	Amount (Rs Crore)	Rating/Outlook
Term Loan	9.00	SMERA B/Stable (Assigned)
Cash Credit	5.00	SMERA B/Stable (Assigned)

SMERA has assigned long-term rating of **'SMERA B' (read as SMERA B)** on the Rs.14.00 crore bank facilities of Saibaba Solvent Industries LLP (SSI). The outlook is **'Stable'**. The rating is constrained by the firm's nascent stage of operations and high repayment obligation in the medium term. The rating is also constrained by the firm's susceptibility to post commissioning risks. However, the rating derives support from its experienced management.

SSI is engaged in the manufacture of rice bran oil and de-oiled cakes from January, 2016 and earned revenues of around Rs.5.50 crore from January, 2016 to March, 2016. The total project cost of the manufacturing unit was Rs. 16.52 crore, funded by term loan of Rs. 9.00 crore and the balance through own funds of Rs. 7.52 crore. The repayment of the term loan is scheduled to commence from August, 2016. SMERA believes that SSI's overall leverage will remain relatively high over the medium term.

The above rating is also constrained by post commissioning risks including high working capital and susceptibility of margins to volatility in raw material prices. Further, the firm also faces intense competition in the agro processing industry.

However, the firm is poised to benefit from its experienced management. The promoters have extensive experience in the rice milling and processing industry.

Outlook: Stable

SMERA believes that SSI will maintain a stable business risk profile over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the firm achieves substantial growth in revenues and profitability while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the firm fails to achieve expected growth in revenues and profitability or deterioration in the financial risk profile.

Rating Sensitivity Factors:

- Sustainable and substantial increase in revenues with improvement in profit margins

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Firm

The Nagpur-based SSI was established in July 2014 by Mr. Santulal Jamtani, Ms. Lata Tajpuriya and Mr. Pradeep Saraogi. SSI is engaged in the manufacture of rice bran oil and de-oiled cakes and commenced commercial operations from February, 2016. The processing capacity stands at around 200 tons of rice bran per day.

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ABOUT SMERA

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