

### Sri Laxminarasimha Industries: Assigned

Name of the Instrument	Amount (Rs. Crore)	Ratings/Outlook
Term Loan	3.35	SMERA B/Stable (Assigned)
Cash Credit	4.50	SMERA B/Stable (Assigned)
Bank Guarantee	0.15	SMERA A4 (Assigned)

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) and short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Sri Laxminarasimha Industries (SLI). The outlook is '**Stable**'. The ratings are constrained by the firm's limited track record of operations and exposure to project execution risk. However, the rating draws comfort from the experienced management.

SLI was established in November 2015, by six partners including Mr. Arogya Reddy and Mr. Chandrashekhar Rao who possess extensive experience in the cotton ginning and trading industry.

The ratings are constrained by project execution risk as installation of cotton ginning and pressing unit is underway.

#### Rating Sensitivity Factor

- Completing the project as per schedule without cost overruns

#### Outlook-Stable

SMERA believes that SLI will continue to maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the firm generates healthy cash flows from operations on completing the project within the scheduled timeline. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution leading to cost overruns.

#### About the Firm

SLI was established by Mr. Arogya Reddy, Mr. Raji Reddy, Mr. Chandrashekhar Rao and others in November 2015. The firm plans to set up an automated ginning and pressing unit with 36 Double Roller Gins at Karimnagar (Telangana). The operations are expected to commence post August, 2016. The total project cost is estimated to be Rs.6.47 crore out of which Rs.3.12 crore is to be funded by partners and the balance through a term loan.

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