

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.

Contacts:

Analytical	Media
Mr. Mohit Jain Vice President – Ratings Operation, Tel: +91-22-6714 1105 Cell: 9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.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.