

### Devrishi Foods Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	3.00	SMERA B/Stable (Assigned)
Packing Credit	3.40	SMERA A4 (Assigned)
FUDBP/FDBP*	1.40	SMERA A4 (Assigned)
Packing Credit (Proposed)	2.20	SMERA A4 (Assigned)

\* Foreign Documentary Bill Purchase

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 Rs.10 crore bank facilities of Devrishi Foods Private Limited (DFPL). The outlook is '**Stable**'. The ratings are constrained by the weak financial risk profile marked by low net worth, thin profitability and high debt-to-equity (gearing) ratio. The ratings are also constrained by the exposure of the company to agro-climatic risks and intense competitive pressure. However, the ratings draw support from the established track record of operations and experienced promoter in the rice industry.

DFPL's financial risk profile is marked by weak low net worth of Rs.3.40 crore (Provisional) as on March 31, 2016 as compared with Rs.2.90 crore a year earlier. The leverage (debt-to-capital ratio) stood at 1.50 times (Provisional) as on March 31, 2016 and interest coverage ratio at 1.33 times in FY2015-16 (refers to financial year, April 01 to March 31).

The operations are susceptible to adverse changes in climatic conditions which may affect the availability of paddy. Further, DFPL faces intense competition from several players in the rice industry.

DFPL, established in 2005, is a New Delhi-based company engaged in the trading of basmati and non-basmati rice. The company benefits from its experienced management. The promoters of the company have more than two decades of experience in the rice industry.

#### Outlook: Stable

SMERA believes that the company will maintain a stable outlook in the medium term owing to the extensive experience of the promoter in the rice milling business and established relations with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining profitability margins. Conversely, the outlook may be revised to 'Negative' if the company registers significant decline in revenues and accruals or elongation of working capital cycle.

#### Rating Sensitivity Factors

- Scaling up of operations while managing profitability margins
- Improvement in the financial risk profile
- Agro climatic risks

**Criteria applied to arrive at the ratings:**

- Trading Entities

**About the Company**

Incorporated in 2005, DFPL, a New Delhi-based company was promoted by Mr. Vipin Jain and Mr. Nikhil Jain. The company is engaged in the trading of rice (basmati and non-basmati) as well as pulses such as red gram, chick peas, horse gram among others and sells its products under the 'Krishidham' brand name.

For FY2015-16, DFPL reported net profit of Rs.0.10 crore on operating income of Rs.26.58 crore as compared to net profit of Rs.0.03 crore on operating income of Rs.21.91 crore in FY2014-15. The company's net worth stood at Rs.3.40 crore (including unsecured loan of Rs.0.20 crore) as on March 31, 2016 (Provisional) as compared with Rs.2.90 crore (including unsecured loan of Rs.0.20 crore) a year earlier.

**Contacts:**

<b>Analytical</b>	<b>Business Development</b>
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a>	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>

**ABOUT SMERA**

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