

New Haryana Overseas: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Cash Credit*	12.00	SMERA B+/Stable (Assigned)

*Sub limit of EPC (Export Packing Credit) of amount Rs. 8.00

*Sub limit of PCFC of amount Rs.4.00 Crore with interchangeability with EBR Limit.

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.12.00 crore bank facility of New Haryana Overseas (NHO). The outlook is '**Stable**'.

The rating is supported by the firm's established operations, experienced management and strategic location of the processing unit. However, the rating is constrained by the moderate financial risk profile marked by moderate leverage (debt-to-capital ratio) and coverage indicators. The rating is also constrained by the firm's exposure to agro-climatic risk and intense market competition.

The Haryana-based NHO was established in 1991 as a proprietorship firm and converted into partnership firm in 2015. The firm is engaged in the milling, processing and exporting of basmati and non-basmati rice. NHO benefits from its experienced management. The promoters have more than two decades of experience in the agro processing industry.

NHO's financial risk profile is marked by moderate net worth of Rs.7.24 crore as on March 31, 2015, as compared with Rs.6.74 crore a year earlier. The leverage (debt-to-capital ratio) stood at 2.39 times as on March 31, 2015 as compared to 1.29 times a year earlier and interest coverage ratio at 1.40 times in FY2014-15 (refers to financial year, April 01 to March 31) as compared to 1.71 times in FY2013-14. The operating income of the firm has declined and stands at Rs.45.00 crore in FY2015-16 (Provisional) as compared to operating income of Rs.63.03 crore a year earlier.

Outlook-Stable

SMERA believes that NHO will maintain a stable outlook owing to the management's extensive experience in the rice milling business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while improving the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in capital structure or deterioration of the financial risk profile.

Rating Sensitivity Factors

- Improvement in the financial risk profile
- Scaling up operations while managing profitability margin

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Firm

Incorporated in 1991, NHO is a Haryana-based partnership firm promoted by Mr Navdeep. The firm is engaged in the milling and trading of basmati and non-basmati rice and has an installed capacity of 8.00 MTPH.

For FY2015–16 (Provisional), NHO reported net profit of Rs.0.33 crore on operating income of Rs.45.00 crore as compared to net profit of Rs.0.49 crore on operating income of Rs.63.03 crore in FY2014–15. The firm's net worth stood at Rs.7.24 crore as on March 31, 2015, as compared with Rs.6.74 crore a year earlier. The total net worth of Rs.7.24 crore includes quasi equity of Rs.3.41 crore as on March 31, 2015.

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ABOUT SMERA

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