

### Platinum Grains Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Export Packing Credit/Packing Credit in Foreign Currency	5.00	SMERA A4+(Assigned)
Foreign Bill Discount/Foreign Bill Purchase/Post Shipment Credit in Foreign Credit*	5.00	SMERA A4+(Assigned)

\*With a Sublimit of Rs. 0.45 crore Export Packing Credit/Packing Credit in Foreign Currency

SMERA has assigned a short term rating of **SMERA A4+ (read as SMERA A Four Plus)** to the Rs.10.00 crore short term bank facilities of Platinum Grains Private Limited (PGPL). The rating is supported by the experienced management and healthy financial risk profile of the company. However, the rating is constrained by the modest scale of operations, exposure to foreign exchange risk and headwinds in the rice industry on account of demand – supply mismatch.

The rating draws comfort from the extensive experience of the promoters. The Managing Director – Ms. Harnita Ahluwalia has served as Executive Director of Kohinoor Foods and managed the foreign trade operations for approximately 25 years. SMERA also takes note of her established relationships with buyers in the Middle-East and South Africa and suppliers in Punjab, Andhra Pradesh and other states.

The rating is also supported by the healthy financial risk profile- marked by improvement in the debt protection metrics wherein the interest coverage ratio improved from 1.46 times in FY2015 to 12.04 times in FY2016. Consequently, the Debt Service Coverage Ratio also increased to 4.25 times in FY2016 against 0.86 times in FY2015. SMERA also takes note of the decrease in the degree of financial leverage on account of an improvement in the total outside liabilities to tangible net worth ratio from 1.63 times in FY2015 to 1.50 times in FY2016.

The rating is, however, significantly constrained by the modest scale of operations. The operating income stood at Rs.43.59 crore in FY2016 against Rs.43.78 crore in FY2015 primarily on account of decline in basmati rice prices due to excess supply and muted demand in the previous financial year. SMERA also takes note of the susceptibility of PGPL's profitability indicators to exchange rate fluctuations due to the presence of foreign currency borrowings that are largely unhedged, along with foreign exchange payables in the form of export overheads. As a result, PGPL's operating margin stood at 5.29 per cent in FY2016 against 1.37 per cent in FY2015 and 3.54 per cent in FY2014.

#### Rating Sensitivity Factors

- Increase in the scale of operations
- Decline in operating profit margin
- Increase in financial leverage

#### Criteria Applied to arrive at the rating:

- Trading Entities

### About the Company

The Haryana-based PGPL, incorporated in 2009 by Ms. Harnita Ahluwalia, Mr. Victor Ahluwalia and Ms. Davinder Kaur Sehgal is a certified Star Export house. The company is engaged in the trading and export of basmati and non-basmati rice to Middle-East and Africa.

In FY2016, PGPL reported profit after tax (PAT) of Rs.1.18 crore with operating income of Rs.43.59 crore against net loss of Rs.0.26 crore with an operating income of Rs.43.78 crore in FY2015.

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### ABOUT SMERA

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