

Raj Apiaries Exim Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	5.90	SMERA BB/Stable (Assigned)
Term Loan	0.40	SMERA BB/Stable (Assigned)
Proposed Short Term	2.70	SMERA A4+ (Assigned)

SMERA has assigned long-term rating of **'SMERA BB' (read as SMERA double B)** and short-term rating of **'SMERA A4+' (read as SMERA A four plus)** on the Rs.9.00 crore bank facilities of Raj Apiaries Exim Private Limited (RAEPL). The outlook is **'Stable'**. The ratings draw support from the experienced management and moderate financial risk profile marked by moderate gearing and interest coverage. However, the ratings are constrained by the working capital intensive business and susceptibility of margins to volatility in the prices of raw honey. The ratings are also constrained by the intense competition in the highly fragmented honey industry.

RAEPL was incorporated in 2010 by Mr. Shailendra Kumar and Mrs. Parkhi Saroha. The company is engaged in the processing and supply of honey. The promoters have more than a decade experience in the same line of business.

RAEPL achieved operating income of Rs.30.69 crore in FY2015-16 (provisional), an improvement from Rs.27.11 crore in FY2014-15. The company has moderate financial risk profile marked by modest scale of operations. The gearing (debt-to-equity) has been moderate at 1.15 times as on March 31, 2016 (provisional) against 1.20 times in FY2014-15. Moreover, the interest coverage ratio stood at 2.98 times in FY2015-16 (provisional) against 2.69 times in FY2014-15. The company registered PAT margin of 2.01 per cent in FY2015-16 (provisional) as against 1.89 per cent in FY2014-15. RAEPL operates in an intensely competitive segment of the honey industry.

Outlook: Stable

SMERA believes that RAEPL will maintain a stable outlook over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profitability while maintaining debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or working capital management.

Rating Sensitivity Factors

- Improvement in revenue and profitability profile
- Improvement in working capital cycle

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

RAEPL was incorporated in 2010 by Mr. Shailendra Kumar and Mrs. Parkhi Saroha. The company is engaged in the processing and retailing of honey. The products include natural and organic honey sold in the domestic market and exported to USA.

For FY2015-16 (provisional), the company reported profit after tax (PAT) of Rs.0.62 crore on operating income of Rs.30.69 crore, as compared with profit after tax (PAT) of Rs.0.51 crore on operating income of Rs.27.11 crore in FY2014-15. The net worth stood at Rs.5.51 crore (included quasi equity of Rs.3.27 crore) as on March 31, 2016 (provisional) against Rs.4.40 crore (included quasi equity of Rs.2.78 crore) a year earlier.

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ABOUT SMERA

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