

### G. R. Krishnaiah Chetty: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Cash Credit	10.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (read as **SMERA B Plus**) to the Rs.10.00 crore bank facility of G. R. Krishnaiah Chetty (GRK). The outlook is '**Stable**'.

The rating derives comfort from the extensive experience of the promoter in the trading business. The rating also factors in the healthy revenue growth and moderate financial risk profile marked by comfortable interest coverage ratio and debt service coverage ratio. However, the rating is constrained by the working capital intensive operations, exposure to fluctuations in raw material prices and intense competition in the trading of food products.

GRK is a Chennai-based proprietorship firm established in 1961. The firm benefits from its experienced management. Mr. G. K. Balaji, Proprietor, possesses over two decades of experience in the trading of pulses. The firm faces intense competition from large number of players in the agro products industry.

For the rating process, SMERA has consolidated the business and financial risk profiles of Sree Balasubramaniam & Co., Sree Bhuvaneswari & Co. and G. R. Krishnaiah Shetty due to the common management apart from business and operational synergies.

#### Rating Sensitivity Factors

- Improving profit margins while maintaining revenue growth
- Efficient working capital management
- Exposure of profit margins to fluctuations in raw material prices

#### Outlook-Stable

SMERA believes that the firm will maintain a stable outlook over the medium term owing to the promoters' extensive experience in trading of pulses. The outlook may be revised to 'Positive', if the firm achieves improvement in profitability margins along with effective working capital management. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenue and profit margins. The outlook may also be affected by major deterioration in the firm's financial risk profile.

#### Criteria applied to arrive at the rating

- Trading Entities

#### About the Firm

GRK, a proprietorship firm was established in 1961 by Mr. G. K. Balaji (HUF) to trade in pulses such as Black gram, urad dal among others. The proprietor possesses over two decades of experience in the aforementioned line of business.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.46 crore on operating income of Rs.57.36 crore, as compared with PAT of Rs.0.35 crore on operating income of Rs.46.86 crore in FY2013-14.

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