

Shri Radha Krishna Rice Mills: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
OCC/ODBD	9.00	SMERA BB-/Stable (Assigned)
Term Loan	2.98	SMERA BB-/Stable (Assigned)

SMERA has assigned the long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) on the Rs. 11.98 crore fund-based facility of Shri Radha Krishna Rice Mills (SRRM). The outlook is '**Stable**'.

The rating is supported by the firm's established track record of operations, experienced management, moderate financial risk profile and strategic location of the processing unit. However, the rating is constrained by the highly competitive and fragmented rice industry and exposure to fluctuations in the price of paddy.

SRRM, incorporated in 2012, was promoted by Mr. Pawan Kumar and Mr. Siddhartha Popli who possess over a decade's experience in the aforementioned line of business.

The firm has modest scale of operations marked by operating income of Rs.75.26 crore in FY2016 as compared to Rs.106.24 crore in FY2015. The moderate financial risk profile is marked by moderate gearing (Debt-equity ratio) of 1.55 times in FY2016 as against 1.54 times in the previous year. The interest coverage ratio (ICR) has been moderate at 1.65 times in FY2015-16 as compared to 1.81 times last year. The debt service coverage ratio (DSCR) has been moderate at 1.65 times in FY2016 as against 1.81 times last year.

The rating factors in the exposure of the firm to risks related to fluctuations in raw material prices of paddy. The firm's milling facility is located at Nissing (Haryana), which offers raw material proximity to SRRM.

Rating Sensitivity Factors

- Scaling up of operations while managing working capital funds
- Improvement in the financial risk profile

Outlook-Stable

SMERA believes that the firm will maintain a stable outlook owing to the extensive experience of the management in rice milling and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Firm

SRRM, established in 2012, is a Haryana-based partnership firm engaged in rice milling at Nissing. The installed capacity is 8 ton/hour.

For FY2015-16, SRRM reported profit after tax (PAT) of Rs.0.31 crore on operating income of Rs.75.26 crore as compared with PAT of Rs.0.34 crore on operating income of Rs.106.24 crore for FY2014-15. The net worth stands at Rs.8.86 crore as on March 31, 2016 as compared with Rs.7.85 crore a year earlier.

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ABOUT SMERA

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