

### Roshan Fruits India Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	1.50	SMERA B+/Stable (Assigned)
Term Loan	3.70	SMERA B+/Stable (Assigned)
Packing Credit	7.80	SMERA A4 (Assigned)

SMERA has assigned long term rating of **'SMERA B+' (read as SMERA B plus)** and short term rating of **'SMERA A4' (read as SMERA A four)** on the Rs.13.00 crore bank facilities of Roshan Fruits India Private Limited (RFIPL). The outlook is **'Stable'**.

The ratings derive comfort from the extensive experience of the promoters in the food processing industry, improvement in profit margins and moderate coverage indicators. However, the ratings are constrained by the small scale of operations, high gearing and working capital intensive business. The ratings also factor in the susceptibility of profitability to volatility in input prices and forex rates apart from agro climatic risks.

RFIPL, incorporated in 2003 is a Tamil Nadu-based company engaged in the processing and export of fruit pulp. The promoter, Mr. Mir Athar Ali, has more than a decade of experience in the said line of business. The operating margins improved to 16.29 per cent in FY2015-16 from 12.50 per cent in FY2014-15. The company has moderate coverage indicators marked by Interest coverage ratio (ICR) of 1.82 times and DSCR at 1.88 times in FY2015-16.

RFIPL operates on a small scale with operating income of Rs.15.52 crore in FY2016 compared to Rs.18.08 crore in FY2015. The decline in revenues is due to fewer orders during the year. Further, as indicated by the management, the company achieved revenue of Rs.9.91 crore for HY2016-17. The company's financial risk profile is average marked by net worth of Rs.3.13 crore and gearing of 3.87 times as on March 31, 2016. TOL/TNW stands at 5.37 times as on March 31, 2016.

RFIPL's operations are working capital incentive marked by gross current asset of 311 days in FY2016. The working capital cycle is stretched at 146 days in FY2016 due to high inventory days of 278. The company exports ~75 percent of its total sales. Thus, its profitability is susceptible to volatility in input prices and forex rates.

The major raw material – mangoes are available from May-July and tomatoes from January-April thus exposing the company to agro climatic risks.

#### Rating Sensitivity Factors

- Scaling up operations while improving profitability
- Movement in capital structure and coverage indicators
- Efficient working capital management

#### Outlook-Stable

SMERA believes that the outlook on RFIPL will remain 'Stable' over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case of further improvement in the company's scale of operations, while improving profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in revenues, profitability or deterioration in the financial risk profile.

**Criteria applied to arrive at the ratings:**

- Manufacturing Entities

**About the Company**

RFIPL, incorporated in 2003, is engaged in the processing and selling of fruit pulp. The promoter, Mr. Mir Athar Ali has a decade of experience in the same line of business. The company exports fruit pulp to Dubai, China, Netherland and Malaysia and has an installed capacity of 5 metric tonnes per hour.

In FY2015-16, the company reported net profit of Rs.0.18 crore on operating income of Rs.15.52 crore against net profit of Rs.0.19 crore on operating income of Rs.18.08 crore in the previous year.

**Contacts:**

<b>Analytical</b>	<b>Business Development</b>
Mr. Mohit Jain Vice President – Ratings Operations, Tel: +91-22-6714 1105 Cell: 9619911017 Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a>	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.