

Press Release

Roshan Fruits India Private Limited (RFIPL)

February 22, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 13.00 Cr.
Long Term Rating	SMERA B+/ Stable (Reaffirmed)
Short Term Rating	SMERA A4 (Reaffirmed)

** Refer Annexure for details*

Rating Rationale

SMERA has reaffirmed the 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**'.

RFIPL, incorporated in 2003 is a Tamil Nadu-based company engaged in the processing and selling of fruit pulps. The promoter, Mr. Mir Athar Ali has a decade of experience in the said line of business. The company has an installed capacity of 5 metric tonnes per hour.

Key rating drivers

Strengths

Experienced promoters

The promoter, Mr. Mir Athar Ali, the General Secretary of Krishnagiri District Fruit Association possesses extensive experience in the food processing industry. SMERA believes that the company will benefit from the same.

Diverse product portfolio and geographic reach

RFIPL has a diversified product portfolio and geographic reach. The company exports its products to Saudi Arabia, China, Malaysia, Germany and other countries. Export sales constitute around 50 percent of the total sales of the company.

Weakness

Small scale of operation in a highly fragmented industry

RFIPL operates on a small scale, with operating income of Rs.20.35 crore in FY2017. Further, as informed by the management, the company has reported revenue of approximately Rs.17 crore from April to December 17.

Average financial risk profile

The financial risk profile is average marked by low tangible net worth of Rs. 3.41 crore as on 31 March, 2017 as against Rs. 3.13 crore as on 31 March, 2016. The adjusted gearing stood at 2.32 times as on 31 March, 2017 as against 3.87 times as on 31 March, 2016. The debt of Rs.7.91crore consists of term loans of

Rs. 3.98 crore and short term borrowings of Rs. 3.92 crore as on 31 March, 2017. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 3.39 times as on 31 March, 2017 as against 5.37 times as on 31 March, 2016. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.15 times in FY2017 as against 0.09 times in FY2016.

Working capital intense operations

The operations are working capital intensive marked by GCA (Gross Current Asset) of 142 days in FY2016-17 compared to 311 days in FY2015-16. This is on account of high debtor receivable of 93 days in FY2017-18 as against 34 days in the previous year. The average working capital utilisation during the last six months has been ~80 percent.

Availability of the raw material

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

Highly competitive and fragment textile industry

The company is exposed to intense competition in the fragmented industry with a large number of organised and unorganised players.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of RFIPL to arrive at the rating.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	20.35	15.52	18.08
EBITDA	Rs. Cr.	2.37	2.53	2.26
PAT	Rs. Cr.	0.20	0.18	0.19
EBITDA Margin	(%)	11.63	16.29	12.50
PAT Margin	(%)	0.99	1.15	1.02
ROCE	(%)	10.87	12.31	14.18
Total Debt/Tangible Net Worth	Times	2.32	3.87	2.47
PBDIT/Interest	Times	1.93	1.82	1.88
Total Debt/PBDIT	Times	3.31	4.77	3.26
Gross Current Assets (Days)	Days	142	311	124

Any other information:

Not Applicable

Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities: <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

CRISIL, vide release dated July 20, 2017 has suspended the ratings of AAI on account of lack of adequate information required for monitoring of ratings.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
28 Oct, 2016	Cash Credit	Long Term	1.50	SMERA B+/ Stable (Assigned)
	Term Loan	Long Term	3.70	SMERA B+/ Stable (Assigned)
	Packing Credit	Short Term	7.80	SMERA A4 (Assigned)

Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.50	SMERA B+/ Stable
Term Loans	Not Applicable	Not Applicable	Not Applicable	2.77	SMERA B+/ Stable
Packing Credit	Not Applicable	Not Applicable	Not Applicable	7.80	SMERA A4
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.93	SMERA B+/ Stable

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ABOUT SMERA

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