

### Star Global Multi Ventures Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Rating/Outlook
Warehouse Limit	37.50	SMERA BB-/Stable (Assigned)
Proposed Long Term	62.50	SMERA BB-/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB-/Stable**' (read as SMERA double B minus) to the above mentioned bank facilities of Star Global Multi Ventures Private Limited (SGMVPL). The outlook is '**Stable**'.

The rating draws support from the company's experienced management and modest scale of operations. However, the rating is constrained by the moderate financial risk profile marked by high gearing and low profitability indicators. The rating also factors in the highly competitive and fragmented rice industry.

SGMVPL, incorporated in 2012 is engaged in the processing and trading of rice. The promoters Mr. Deepak Joshi and Mr. Vaibhav Aggarwal possess experience of two decades in the rice industry. The scale of operations of the company is modest marked by operating income of Rs.209.16 crore in FY2016 compared to Rs.267.72 crore in FY2015.

However, the moderate financial risk profile is marked by gearing (debt/equity) of 2.79 times in FY2016 and 1.16 times in FY2015. The total outside liabilities to total networth (TOL/TNW) stands significantly high at 6.01 times in FY2015-16 as against 3.32 times in FY2014-15. The PAT margin stands low at 0.80 percent in FY2016 and FY2015 respectively. The company has comfortable interest coverage of 2.45 times in FY2016 and 2.94 times in the previous year. Further, the company operates in a highly competitive and fragmented rice industry.

#### Rating Sensitivity Factors

- Scaling up of operations while improving profitability
- Movement in capital structure

#### Outlook - Stable

SMERA believes that the company will maintain a stable outlook on the back of the management's extensive experience in the rice milling business and established relationships with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of further decline in the capital structure and profitability.

#### Criteria applied to arrive at the rating:

- Trading Entities

#### About the Company

SGMVPL, incorporated on 19th September, 2012 is engaged in the milling and trading of basmati and non-basmati rice. The company procures rice from the local market and after processing, exports the same to Iran, UAE, Turkey, Singapore and among others.

For FY2015-16, SGMVPL reported PAT of Rs.1.67 crore on operating income of Rs.209.16 crore as against PAT of Rs.2.13 crore on operating income of Rs.267.72 crore for FY2014-15. The networth stands at Rs.8.86 crore as on March 31, 2016 as compared with Rs.7.19 crore a year earlier.

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