

## Press Release

### Sanjeevan Rice Mills Private Limited

July 11, 2017



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 40.00 Cr.
<b>Long Term Rating</b>	SMERA B- / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 40.00 crore bank facilities of Sanjeevan Rice Mills Private Limited. The outlook is '**Stable**'.

Sanjeevan Rice Mills Private Limited (SRMPL), incorporated in 2015 is a Kolkata-based company setting up an unit for manufacturing of non-basmati parboiled rice. The company was promoted by Mr Ajoy Kejriwal, Mr Gopal Kejriwal, Mr Pawan Kejriwal and Mr Vijay Kejriwal. The manufacturing unit is located in Bishanpur in Bihar and has installed capacity of 480 tpd.

### Key Rating Drivers

#### Strengths

- Experienced management**

The promoters Mr Ajoy Kejriwal, Mr Gopal Kejriwal, Mr Pawan Kejriwal and Mr Vijay Kejriwal have six years of experience in the rice industry. They are already associated with a company in the same line of business named Jai Maa Sharda Agro and Rice Mill Pvt Ltd since 2011.

- Proximity to raw materials**

Bihar is one of the major rice producing states in India and the company enjoys locational advantage in terms of cost and proximity to raw materials.

#### Weaknesses

- No track record of operations**

The company is yet to start commercial operation from mid of FY2019.

- Project risk**

The total project cost of Rs 46.16 crore is expected to be funded by term loan of Rs 28.70 crore and the balance from promoters own funds. Around 62 per cent of the project is debt funded and the balance is promoters own funds. Although the company has applied for term loan, it is yet to be sanctioned exposing the company to significant funding risk. The timely sanction of term loan and timely completion of the project without delay will remain the key rating sensitivity. The project is expected to be completed by mid of FY2019.

- Susceptibility of profit margins to volatility in raw material prices**

Rice - the main raw material being an agro commodity is dependent on the vagaries of the monsoon. Any change in climatic conditions may interrupt the supply of paddy. Hence, the profitability margins are susceptible to fluctuations in the prices of raw materials.

### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

### Outlook: Stable

SMERA believes that SRMPL will maintain a stable outlook and benefit over the medium term from its promoters experience in the rice industry. The outlook may be revised to 'Positive' if the company achieves more than envisaged sales, profitability and begins operations on time. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve envisaged revenue and profitability or the financial risk profile deteriorates owing to higher-than-expected increase in debt funded working capital requirements.

### About the Rated Entity - Key Financials

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

None

#### Any other information

None

#### Applicable Criteria

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

#### Note on complexity levels of the rated instrument

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

#### Rating History (Upto last three years)

Not Applicable

#### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	11.25	SMERA B- / Stable
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	28.70	SMERA B- / Stable
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.05	SMERA A4

#### Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>	Varsha Bist Sr. Executive Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>
Shreya Vaidya Analyst - Rating Operations Tel: 033-66201217 <a href="mailto:shreya.vaidya@smera.in">shreya.vaidya@smera.in</a>	

## ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit [www.smerra.in](http://www.smerra.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.smerra.in](http://www.smerra.in)) for the latest information on any instrument rated by SMERA.*