



Press Release

Vardhman Rice Exports Private Limited

10 October, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 14.50 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 14.50 crore bank facilities of Vardhman Rice Exports Private Limited. The outlook is '**Stable**'.

Vardhman Rice Exports Private Limited (VREPL) was established in 2013 by Mr. Sunil Kumar, Mr. Jiwan Garg and Mr. Raj Kumar. The company is engaged in the processing of parboiled rice and has installed capacity of 5 tons per day. The manufacturing facility is located at Patran, Punjab.

Key Rating Drivers

Strengths

- **Experienced management**

The Director, Mr. Jiwan Garg, possesses experience of more than a decade in the food and agro industries.

- **Modest scale of operations**

The scale of operations is moderate with revenue of around Rs.55.63 crore in FY2017 and Rs.43.47 crore in FY2016.

Weaknesses

- **Average financial risk profile**

The average financial risk profile is marked by moderate net worth of Rs. 5.52 crore as on 31 March, 2017. The gearing stood at a high of 5.11 times while the interest coverage ratio has been moderate at 1.30 times. The debt service coverage ratio stood at 1.00 times in FY2016.

- **Working capital intensive operations**

The operations are working capital intensive marked by high gross current asset (GCA) of 195 days in FY2017 as against 194 days in FY2016. This is mainly due to increase in inventory days to 194 in FY2017 as against 190 in FY2016.

Analytical Approach

SMERA has considered the standalone financial and business risk profile of VREPL.

Outlook: Stable

SMERA believes that VREPL will maintain a stable outlook in the medium term on account of its experienced management and moderate revenue scalability. The outlook may be revised to 'Positive' if the company registers sustained increase in revenues and accruals with improvement in the capital structure. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

About the Rated Entity - Key Financials

For FY2016-17, VREPL reported profit after tax (PAT) of Rs 0.17 crore on total operating income of Rs.55.63 crore, compared with PAT of Rs.0.74 crore on total operating income of Rs.43.47 crore in FY2015-16.

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

NA

Any other information

NA

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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA B+ / Stable

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