

## Press Release

### Namita Rice Mill Private Limited

December 24, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 8.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A4

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 8.00 crore bank facilities of Namita Rice Mill Private Limited (NRPL). The outlook is '**Stable**'.

Incorporated in 2011, NRPL is a Nadia (West Bengal) based company promoted by Mr. Sujit Kumar Ghosh and Mrs. Chameli Ghosh. NRPL is in the process of setting up a non-basmati rice mill with capacity of 14400 MTPA. The project cost stands at Rs.7.06 crore to be funded through long term borrowings of Rs.4.50 crore and promoter's contribution of Rs.2.56 crore. The same is expected to be operational from May 2019.

### Analytical Approach

Acuité has considered the standalone business and financial risk profile of NRPL to arrive at the rating.

## Key Rating Drivers

### Strengths

- **Experienced Promoters**

The company benefits from extensive experience of the promoters in trading of agricultural product by virtue of their association with Ghosh Enterprises.

- **Favorable location with proximity to paddy growing area**

The company's manufacturing facility is proposed to be located in Nadia district, which is easily accessible to many paddy producing districts in West Bengal. Favourable location of the plant will ensure timely availability of raw material saving on logistics costs. Further, the mill also enjoys close proximity to markets based in Kolkata and Bihar with export opportunity in Bangladesh. The same will ensure healthy demand for its product.

### Weaknesses

- **Risk related to availability of funds**

The company is in the process of setting up of rice milling unit of 14400 MTPA (metric ton per annum) capacity. The total project cost is estimated to be around Rs.7.06 crore funded through term loan of Rs.4.50 crore and Rs.2.56 crore of promoters' contributions. However, the company is yet to tie up its finances resulting in significant funding risk. Timely availability of fund will remain a key credit monitorable.

- **Competitive and fragmented nature of rice processing business**

The rice processing business is highly competitive due to low entry barriers which results in intense competition from both the organised as well as unorganised players in the industry. Additionally, paddy, which is the main raw material required for rice, is a seasonal crop and production of the same is highly dependent upon monsoon season.

### Outlook: Stable

Acuite believes that NRPL will maintain 'Stable' outlook over the medium term on account of the experienced management and demand prospects of the sector. The outlook may be revised to 'Positive' in case if the project is executed in a timely manner and adequate ramp up in sales is demonstrated. Any time or cost overruns in the project may lead to a revision in the outlook to 'Negative'.

### About the Rated Entity - Key Financials

Not Applicable as the company is yet to commence operations.

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.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 Long Term Loan	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE B / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.32	ACUITE B / Stable
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.18	ACUITE A4

### Contacts

Analytical	Rating Desk
<p>Pooja Ghosh Head - Corporate and Infrastructure Sector Ratings Tel: 033-6620 1203 <a href="mailto:pooja.ghosh@acuite.in">pooja.ghosh@acuite.in</a></p> <p>Swati Banthia Analyst - Rating Operations Tel: 033-66201211 <a href="mailto:swati.banthia@acuite.in">swati.banthia@acuite.in</a></p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>

### About Acuite Ratings & Research:

Acuite Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a

wide cross section of industries. It has its Registered and Head Office in Mumbai.

**Disclaimer:** *An Acuité 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. Acuité 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, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité 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. Acuité 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.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité*