

## 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**

Acuité 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**

<b>Name of the Facilities</b>	<b>Date of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size of the Issue (Rs. Cr.)</b>	<b>Ratings/Outlook</b>
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

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### **About Acuité Ratings & Research:**

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