

Press Release

MAYA RICE INDUSTRIES

June 28, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 5.61 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 5.61 crore bank facilities of MAYA RICE INDUSTRIES (MRI). The outlook is '**Stable**'.

Established in 2016, Maya rice Industries is a proprietorship concern promoted by Mr. Vinod Kharabe. It's a rice milling unit having its manufacturing facility located at Bhandara, Nagpur with a capacity of 8 tonnes.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced Proprietor

Mr. Vinod Kharabe Proprietor has experience of more than a decade in the rice milling business. The experience has helped the firm in establishing longstanding relationship with customers and suppliers.

Weaknesses

• Weak financial risk profile

The financial risk profile of the company is weak marked by low net worth high gearing. The tangible net worth of the company stood at Rs. 0.70 crore as on March 31 2018 as against 0.65 crore as on March 31 2017. The gearing levels (debt-equity) have deteriorated to 6.25 times in FY2018 as against 6.19 times as on FY2017 mainly on account of increased debt. The interest coverage ratio (ICR) stood at 2.19 times and debt service coverage ratio (DSCR) stood at 2.20 times in FY2018.

• Short track record of operations and risk of capital withdrawal

The operation of the firm commenced in November 2016. Being the proprietorship nature of the firm there is an inherent risk of capital withdrawal.

Liquidity Position

The liquidity position is stretched with low net cash accruals vis-a-vis debt repayment obligation. The firm has unencumbered cash and bank balance of Rs. 0.03 crore. The current ratio is 0.87 times as on March 31, 2018.

Outlook: Stable

Acuité believes that MRI will continue to maintain a 'Stable' outlook over the medium term owing to the experience of its management and established relations with its clientele. The outlook may be revised to 'Positive', if the firm achieves sustained improvement in profit margins while maintaining healthy revenue growth. Conversely, the outlook may be revised to 'Negative' in case of steep decline in revenues, profit margins or deterioration in the capital structure or coverage indicators.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	12.09	8.12	0.00
EBITDA	Rs. Cr.	1.04	0.20	0.00
PAT	Rs. Cr.	0.11	-0.17	0.00
EBITDA Margin	(%)	8.60	2.52	0.00
PAT Margin	(%)	0.94	-2.04	0.00
ROCE	(%)	12.10	-1.74	0.00
Total Debt/Tangible Net Worth	Times	6.25	6.19	0.00
PBDIT/Interest	Times	2.19	1.64	0.00
Total Debt/PBDIT	Times	4.18	19.71	0.00
Gross Current Assets (Days)	Days	185	153	0.00

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-8.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.61	ACUITE B / Stable (Assigned)

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About Acuité Ratings & Research:

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