

December 17, 2013

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	31.00	SMERA B / Stable / Assigned

SMERA has assigned a rating of '**SMERA B**' (**read as SMERA B**) to the long-term bank facilities of Rahul International Private Limited (RIPL). The outlook is '**Stable**'. The rating is constrained by the project execution risk associated with the company's upcoming malt production unit. However, the rating draws comfort from the company's experienced management, group entity support and long-term supply agreement with United Breweries Limited. The rating is further supported by the rising demand of malt-based products in India.

RIPL proposes to undertake production of malt. The company is setting up a malt production plant with an installed capacity of 48,000 MTPA in Manda, Rajasthan. RIPL is exposed to project execution risk as the installation of machineries is underway. The company plans to commence trial production in September 2014.

RIPL is poised to benefit from its experienced management. Mr. Rahul Agarwal, Director of RIPL, has ten years of experience in the malt production business. Mr. Rahul Agarwal is also a director in Rahul Malt Private Limited — a group entity engaged in production of malt since 1999.

RIPL has entered into a long-term supply agreement (minimum quantity of 30,000 MTPA) with United Breweries Limited.

RIPL is likely to benefit from the healthy growth prospects of the malt industry. The domestic demand for malt and malt extract is poised to grow at a rate of 15–20 per cent per annum for the next ten years owing to the strong growth prospects of the end-user industry (alcoholic beverages).

Outlook: Stable

SMERA believes the outlook on RIPL's rated facilities will remain stable over the medium term on the back of the company's experienced management and group entity support. The outlook may be revised to 'Positive' in case the company successfully commissions the project on time and generates adequate cash flows and healthy profits. Conversely, the outlook may be revised to 'Negative' in case of project execution delays, which may result in losses and additional debt requirements.

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About the company

RIPL, incorporated in 2008, proposes to undertake production of malt. The company is setting up a malt production plant with an installed capacity of 48,000 MTPA in Manda (Jaipur district), Rajasthan. RIPL has purchased 24,000 square meters of land from the Rajasthan State Industrial and Investment Corporation (RIICO) for the proposed project.

RIPL's net worth stood at Rs.7.36 crore as on March 31, 2013.

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