

August 24, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	182.00	SMERA BBB-/Stable (Assigned)
Term Loan	80.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) to the Rs.262.00 crore bank facilities of Sri Krishna Stockist & Traders Private Limited (SKSTPL). The outlook is '**Stable**'. The rating is supported by the promoter's extensive business experience, strong revenue growth and above average financial profile backed by strong networth. The rating also draws comfort from the healthy operating efficiencies with strong sourcing capabilities and storage infrastructure. However, the rating is constrained by the susceptibility of SKSTPL's profitability to intense competition in the industry.

Outlook: Stable

SMERA believes that the company would continue to benefit from its healthy operating efficiencies over the medium term. The outlook may be revised to 'Positive' in case the company achieves higher-than-expected growth in revenues and profitability while maintaining its healthy working capital management leading to improvement in its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case the company records lower cash accruals or in case of stretch in the working capital cycle leading to deterioration in the capital structure.

Rating Sensitivity Factor

- Sustenance of efficient working capital management
- Greater than expected debt funded capital expenditure plans

About the Company

SKSTPL, incorporated in 2009 is an Andhra Pradesh-based company promoted by Mr. Thota Kanna Rao. The company is engaged in trading and processing of maize and Neem Seed.

The company reported profit after tax (PAT) of Rs.9.83 crore on operating income of Rs.791 crore for FY2014-15, as compared with PAT of Rs. 6.71 crore on operating income of Rs.548 crore in FY2013-14.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Email: antony.jose@smera.in	Mohit Jain Vice President – Rating Operations Tel: +91-22-6714 1105 Email: mohit.jain@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in