

July 24, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA B/Stable (Assigned)
Cash Credit	2.50	SMERA B/Stable (Assigned)
Packing Credit	3.50	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B**' (**read as SMERA single B**) and '**SMERA A4**' (**read as SMERA A four**) to the Rs.16.00 crore bank facilities of Ramesh Kumar & Co. (RKC). The outlook is '**Stable**'. The ratings are constrained by firm's modest operating scale in an intensely competitive segment of the rice industry. The ratings are further constrained by the firm's high leverage (debt-to-capital ratio) and low net profit margin. However, the ratings are supported by the firm's long track record of operations and experienced management.

RKC, established in 1982, is a Delhi-based proprietorship firm engaged in trading of rice. RKC's modest operating scale is reflected in total operating income of Rs.82.13 crore (provisional) in FY2013-14 (refers to financial year, April 01 to March 31). The firm operates in an intensely competitive segment of the rice industry. RKC's leverage (debt-to-capital ratio) is high at 3.09 times as on March 31, 2014. The firm's net profit margin is low at 0.82 per cent in FY2013-14.

RKC benefits from its experienced management Mr. Somnath Gupta, proprietor of RKC, has around three decades of experience in the rice industry.

Outlook: Stable

SMERA believes RKC will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm registers sustained improvement in profitability and financial risk profile. The outlook may be revised to 'Negative' in case of deterioration in the firm's profitability and financial risk profile.

About the firm

RKC, established in 1982, is a Delhi-based proprietorship firm promoted by Mr. Somnath Gupta. RKC is engaged in trading of rice.

For FY2013-14, RKC reported profit after tax (PAT) of Rs.0.68 crore on operating income of Rs.82.13 crore, as compared with PAT of Rs.0.45 crore on operating income of Rs.72.66 crore for FY2012-13. The firm's net worth stood at Rs.2.90 crore as on March 31, 2014, as compared with Rs.3.04 crore a year earlier.

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