Rating Rationale

Brickwork Ratings assigns rating at "BWR BB (Outlook: Stable)/A4" for the Bank Loan Facilities amounting to ₹ 61.50 Cr of Ruchi Acroni Industries Limited.

Brickwork Ratings has assigned **Rating**[1] for the bank loan facilities of ₹ 61.50 crores (Rupees Sixty One Crores and Fifty Lakhs Only) of Ruchi Acroni Industries Limited. ("RAIL" or the "Company") as follows:

Facility	Present (Limits) (₹ Cr)	Tenure	Rating ^
Cash Credit (Fund Based) **WC FB-EPC/FBP/FBO/FBN** (Sub Limit of Cash Credit)	**4.00** **(3.00)**	**Long Term**	**BWR BB** (Pronounced BWR Double B) **(Outlook: Stable)**
Letter of Credit (ILC/FLC/LOC/Buyers Credit) (Non-Fund Based)	**56.00**	**Short Term**	**BWR A4** (Pronounced BWR A Four)
Bank Guarantee (Non-Fund Based)	**1.50**		
Total	**61.50**	**INR Sixty One crores and Fifty lakhs Only**	

BWR has essentially relied upon the audited financial results up to FY15, projected Financials of Ruchi Acroni Industries Limited up to FY17, publicly available information and information/clarifications provided by the Company's management.

The rating draws strength from the experience of the promoters, established market position of the Company in the name of Ruchi group, improvement in the revenues, moderate level of net worth, diversified customer base and product portfolio. However, the rating is constrained by moderate liquidity position, weak interest/debt servicing indicators, susceptibility of profitability due to the volatility in the agricultural and steel prices and fragmented industry.

Company-Background

Ruchi Acroni Industries Limited was incorporated as a private limited Company during the year 1979 in Mumbai, Maharashtra. Mr. Shambunath Sadawarti, Ms. Ishita Khandelwal, Mr. Pramod Zalani & Mr. Manish Parikh are the directors of the Company. The Company is engaged in trading of steel, chemicals and other agro/ non-agro commodities. RAIL covers both the domestic as well as international market. Ruchi Group is a reputed industrial conglomerate in India with a businesses ranging from steel to food products.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Financial Performance:

Net sales have improved to ₹594.13 Crs in FY15 from ₹507.08 Crs in FY14. Profit after tax (PAT) has improved to ₹0.40 Crs in FY15 as against (₹0.52) Crs in FY14. Tangible networth of the Company stood at ₹ 21.39 Crs as on 31st March, 2015. During FY15, the Company has reported net profit margin of 0.07 percent and a current ratio of 1.15 times as on FY15.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the company to improve profitability margins, manage liquidity and reducing its exposure to forex risk levels would be the key rating sensitivities.

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