

Rating Rationale

Brickwork Ratings assigns ‘BWR B’ for Bank Loan Facilities aggregating ₹ 6.84 Cr of M/s Sri Murari Ginning and Pressing Industries.

Brickwork Ratings has assigned following **Rating¹** for Bank Loan facilities of M/s Sri Murari Ginning and Pressing Industries (**‘the Firm’**).

Facility	Limits (Rs.Crs)	Tenure	Rating
Fund Based			BWR B Outlook : Stable
Cash Credit	3.00	Long Term	
Term Loan*	3.84		
Total	6.84	INR Six Crores Eighty Four Lakhs Only	

*Term Loan outstanding as on 28, Sept 2015.

BWR has primarily relied upon the certified financials of FY15, projected financials up to FY17, publicly available information and the information/clarifications provided by the firm.

The rating is constrained by high gearing level on account of low capital base, stretched liquidity position, limited track record of the firm and depends on seasonality nature of business. However, the rating assigned derived its strengths from the promoters experience in ginning business and location of the unit in cotton growing region of Karnataka.

Background:

M/s Sri Murari Ginning and Pressing Industries was established in the year 2014, manufacturing unit is located at Siruguppa, Karnataka. The Firm is into manufacturing of Cotton Lints. Firm commenced its commercial operations in Dec 2014 .Firm has installed 36 ginning with installed capacity of 300 bales per day. Currently, the Firm is utilizing ~40 per cent of its installed capacity. Firm is operating in 2 shifts and ~40 employees are working in the Company.

Mr. K. R. Raja Venugopal Reddy is the Managing Partner of the firm who has an experience of more than 2 decades in similar line of business. The other partners of the firm are Mrs. K.R. Manjula, Mr. B.K. Nagraj Gowda, Mr.Vinod Kumar and Mr. Reddy Shakthi Prasanna.

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

Financial Performance:

As per certified FY15 (December 2014 to March 2015) financials, Firm revenues reported at Rs.12.06 Crores and incurred a net loss of Rs.0.32 Cr. The firm has reported a tangible net worth of Rs.1.62 Crores. Firm has reported high gearing level 6.69X in FY15 and when backed with unsecured loans adjusted debt equity stood at 3.24X. The firm has stretched liquidity position in FY15.

Rating Outlook:

The outlook of the firm is expected to be stable for the next one year. Going forward ability of the firm to improve capital base thereby reducing its gearing level, to manage its working capital cycle effectively by maintaining its operating cycle, to meet its debt obligations on time will remain key rating sensitivities.

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