Rating Rationale

Brickwork Ratings assigns 'BWR BB' for the Bank Loan Facilities amounting to ₹ 15 Cr of Sri Raja Rajeswari Raw and Boiled Rice Mill

Brickwork Ratings has assigned **Ratings**[1] for the bank loan facilities of Rs15.00 Crores (Rupees Fifteen Crores Only) of Sri Raja Rajeswari Raw and Boiled Rice Mill ("Firm") as follows:

Facility	Amount (₹ Cr)	Tenure	Rating
Fund based : Cash Credit	15.00	Long Term	**BWR BB** (Pronounced BWR Double B) **(Outlook: Stable)**
Total	**15.00**	**INR Fifteen Crores Only**	

BWR has essentially relied upon the audited financials upto FY15, publicly available information and information/clarifications provided by the firm's management.

The rating draws strength from the experienced management, modest scale of operations, established track record and y – o – y revenue growth. However, the rating is constrained by the thin profitability, competition from organized and unorganized players in the market, exposure to agro climatic risks and working capital intensive operations.

Background

Established in 1975 as a proprietorship concern at Muthukur, Nellore, Andhra Pradesh and later converted to a partnership firm in 1985, Sri Raja Rajeswari Raw and Boiled Rice Mill is engaged in the processing of paddy into raw rice. The processing unit has an installed dehusking capacity of 5 tons per hour and a storage capacity spread over 5616 sqft area. Sona Masuri, NJR and 1010 rice types of rice are processed by the facility. The processed rice is sold under the brands "Sri Raja Rajeswari". This firm belongs to Nellore based "Sri Raja Rajeswari" group. The group has another firm with the same name, Sri Raja Rajeswari Raw and Boiled Rice Mill, situated at Pennuballi, Nellore, Andhra Pradesh.

Management Profile

Mr K Prassana Kumar Reddy is the Managing Partner. This is a family owned business. Other partners include Mr K Padmanabha Reddy and Ms K Prathima.

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

Financial Performance

Net Sales of the firm increased to Rs. 112.40 Crs in FY15 compared to Rs. 107.45 Crs in FY14. PAT also has marginally increased to Rs. 0.20 Crs in FY15 compared to Rs. 0.15 Crs in FY14. On a provisional basis, the firm achieved revenue of around Rs. 100Crs for 11MFY16.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the ability of the firm to increase its scale of operations profitably, strengthen its overall financial profile and manage its working capital efficiently would be the key rating sensitivities.

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