

## Rating Rationale

**Brickwork Ratings has Reaffirmed/assigned 'BWR B' & 'BWR A4' for Bank Loan Facilities of Sri Sitarama Modern Para Boiled Rice Mill aggregating ₹ 7.02 Cr (enhanced from ₹ 6.05 Cr)**

Brickwork Ratings (BWR) has *reaffirmed/assigned* the **Rating<sup>1</sup>** for the Bank Loan Facilities of Sri Sitarama Modern Para Boiled Rice Mill as follows:

Bank Facility	Previous Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Rating History	Rating*
<b>Fund Based:</b> Cash Credit SME Credit Plus Rice Mill Plus Car Loan	5.50 0.25 0.25 0.05	<b>6.50</b> <b>0.25</b> <b>0.25</b> -	<b>Long Term</b>	BWR B (Pronounced as BWR Single B)  Outlook: Stable	<b>BWR B</b> (Pronounced as BWR Single B )  <b>Outlook: Stable Reaffirmed</b>
<b>Non-Fund Based:</b> Bank Guarantee	-	<b>0.02</b>	<b>Short Term</b>	-	<b>BWR A4</b> (BWR A Four) <b>Assigned</b>
<b>Total</b>	6.05 <sup>#</sup>	<b>7.02</b>	<b>INR Seven Crores and Two Lakhs Only</b>		

# includes Car loan of 0.05 crores.

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

The rating reaffirmation/assignment takes into consideration the extensive experience of the promoters in the rice mill industry, established operational track record and locational advantages. However, the rating continues to be constrained by the small partners' capital, thin profitability, exposure of the rice mill industry to government regulation changes, volatility in raw material prices, agro climatic risks, intensely competitive industry and high working capital requirements.

### **Background:**

Sri Sitarama Modern Para Boiled Rice Mill was established in 1983 at Sircilla Road, Kamareddy, Telangana as a proprietorship concern by Shri. Dulichand Goenka. Subsequently, in 2000, the firm was converted into a partnership firm. Later on 1<sup>st</sup> October 2009, the partnership firm was reconstituted with Shri. Harish Kumar Goenka, Shri. Naresh Kumar Goenka & Smt. Manju Goenka.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The firm is engaged in the milling and processing of para boiled rice and the other byproducts are broken rice, rice bran and husk. The firm's manufacturing plant is spread across 30000 square feet and has an installed capacity of 685 tonnes of rice per day. Installed capacity utilization was 72%, producing 495 tonnes of rice per day. The firm sells 30% - 35% of the rice to Telangana Government as Levy Rice and Food Corporation of India. The firm sells boiled rice under the brand 'Eagle' and 'Anmol' to wholesale dealers in Telangana and Andhra Pradesh.

**Management:**

Shri. Harish Kumar Goenka is the Managing Partner and has more than two decades of experience in this business. Other partners of the firm are Shri. Naresh Kumar Goenka and Smt. Manju Goenka.

**Financial Performance:**

The firm's operating income has remained almost flat at ₹ 29.59 Crores in FY15 as compared to ₹ 29.07 in FY14. Profit after tax has increased marginally from ₹ 0.30 Crores in FY14 to ₹ 0.37 Crore in FY15. Partners' capital stood at ₹2.56 Crores as on 31<sup>st</sup> March 2015.

**Rating Outlook:**

The rating outlook is expected to remain stable for the current year. Going forward, the ability of the firm to increase revenue from operations with improved profit margins, strengthen its capital structure and manage its working capital efficiently will be the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.