

Raman Agro Exports Private Limited

	Amount	Rating Action
	In Rs Crore	As on October 2015
Fund Based Limits	10.00	[ICRA]B+; Assigned

ICRA has assigned its long-term rating of [ICRA]B+ (pronounced ICRA B plus) to the Rs. 10.00 crore* fund based facilities of Raman Agro Exports Private Limited (RAEPL)*.

ICRA's rating takes into account the high competition in the industry which limits RAEPL's bargaining power and results in subdued margins. The rating also takes into account the vulnerability of the company's profitability to raw material price fluctuations. The rating also factors in the company's leveraged capital structure on account of debt funded capital expenditure for factory expansion. ICRA also takes note of the company's stretched liquidity position as reflected in the high utilization levels of its bank lines. However, the rating derives comfort from the extensive experience of the promoters and the company's established relationships with its key customers enabling it to procure repeat orders. ICRA also takes note of the healthy growth in the company's operating income over the past few years.

Going forward, the company's ability to attain a sustained improvement in scale in a profitable manner, while maintaining an optimal capital structure, will be the key rating sensitivities.

Company Profile

Established in 2008, RAEPL manufactures cattle feed at its manufacturing facilities located at Varanasi, Uttar Pradesh (UP) and Raigarh, Chhattisgarh, with a total manufacturing capacity of 200 tonnes per day, with the Varanasi plant being automated in all stages of production, from the feeding of raw material to the packing of the finished product. RAEPL sells its products through distributors in Bihar, Jharkhand, UP, Madhya Pradesh, and Odisha under the brand names, 'Doodh Dhara' and 'Kranti'.

Recent Results

The company, on a provisional basis, reported a profit after tax (PAT) of Rs 0.74 crore on an operating income of Rs. 63.67 crore in FY2015, as against a PAT of Rs. 0.03 crore on an operating income of Rs.29.33 crore in the previous year.

October 2015

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* 100 lakh = 1 crore = 10 million

* For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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