

Shanti Parboiling Industries

Instrument	Rated Amount (in Rs. crore)	Rating Action
Cash Credit	7.00	[ICRA]B+ assigned
Term Loan	0.34	[ICRA]B+ assigned
Bank Guarantee	1.92	[ICRA]A4 assigned
Unallocated Limits	0.74	[ICRA]B+ / [ICRA]A4 assigned

ICRA has assigned a long-term rating of [ICRA]B+ (pronounced ICRA B plus) to the Rs. 7.00 crore¹ cash credit facility, the Rs. 0.34 term loan facility and the Rs. 0.74 unallocated facility of Shanti Parboiling Industries (SPI / the firm)². ICRA has also assigned the short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 1.92 crore bank guarantee facilities and the Rs. 0.74 crore unallocated facility of SPI.

Rating Rationale

The assigned ratings take into account SPI's weak financial risk profile as reflected by nominal profit and cash accruals from operations coupled with depressed coverage indicators and the high working capital intensity of operations, on account of a large inventory holding period, which adversely impacts the liquidity position of the firm. The ratings are further constrained by the highly competitive nature of the rice industry on account of low barriers to entry, which limits the profitability of operations and its exposure to agro-climatic risks, which can affect the availability of paddy in adverse weather conditions. ICRA also notes SPI's status as a partnership firm that makes it vulnerable to the risks of capital withdrawal.

The ratings, however, draw comfort from the long track record of the promoters in the rice milling industry; and the easy availability of paddy, given the plant's location in a major growing area. ICRA also notes the favourable demand prospects for the rice milling industry, with rice being a staple food grain in the country and India being the world's second largest producer and consumer of rice.

Entity Profile

SPI was set up in 1992 at Raipur, Chhattisgarh. The firm is promoted by its three partners - Mr. Vishal Khandelwal, Mr. Ramgopal Khandelwal, and Mr. Sitaram Khandelwal, who have an experience of more than two decades in the rice industry. SPI is engaged in manufacturing raw rice with an annual milling capacity of 36,000 MTPA (assuming two shifts of 10 hours each in 300 days). The firm is also engaged into trading of rice, broken rice and rice bran, although trading is dependent on the market demand and existence of arbitrage opportunities.

Recent Results

The firm reported a profit after tax (PAT) of Rs. 0.07 crore on an operating income (OI) of Rs. 26.15 crore in FY2015, as compared to a PAT of Rs. 0.06 crore on an OI of Rs. 20.02 crore in FY2014.

March 2016

For further details please contact:

Analyst Contacts:

Mr. Jayanta Roy, (Tel. No. +91-33-22876617 / 22800008)
jayanta@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91 33 7150 1100)
jayantac@icraindia.com

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications.



© Copyright, 2016, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**Mobile: **9871221122**Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**Mobile: **9821086490**Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**Mobile: **+91 9903394664**Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500