

## Shriram Food Industry Private Limited

Instrument	Amount	Rating Action
Rated on long-term scale	In Rs Crore <sup>1</sup>	May 2016
Term loans	28.50 (enhanced from 15.00)	[ICRA]B+ Assigned/Outstanding
Cash credit facilities	57.00 (enhanced from 30.00)	
<b>Sub-total</b>	<b>85.50</b>	
Rated on short-term scale		
Capital Expenditure LC	(5.00)	[ICRA]A4; Assigned
PC/PCFC	(29.00)	
FDBP/FUDBP	(9.50)	
Import / Inland LC	(10.00)	
Bank Guarantee	(7.00)	
<b>Sub-total</b>	<b>(60.50)</b>	
<b>Total</b>	<b>85.50</b>	

ICRA has assigned a long-term rating of [ICRA]B+ (pronounced ICRA B plus) to the Rs. 28.50 crore<sup>1</sup> long-term loans (enhanced from Rs.15.00 crore) and Rs.57.00 crore cash credit facilities (enhanced from Rs.30.00 crore) of Shriram Food Industry Private Limited (“SFIPL / the company”)<sup>2</sup>. This apart, ICRA also has assigned a short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs.60.50 crore<sup>1</sup> sub-limits of SFIPL.

The assigned rating considers the nascent stage of operations of the company with its rice mill project achieving Commercial Operations Date in February 2016; as such, the plant has a modest operational track record of only two months till date. The ratings also take into consideration the highly fragmented and competitive nature of the industry with inherently thin profit margins, and the company’s exposure to agro-climatic risks typically faced by such industries dealing with agricultural commodities. Further, the ratings factor in the leveraged capital structure of the company which could lead to stretched cash flows and debt protection indicators over the medium term. Nevertheless, the ratings take into account the long standing experience of promoters spanning nearly two decades in the rice trading and other businesses, the proximity of SFIPL’s plant to rice growing areas such as Chhattisgarh and Telangana which eases the procurement of paddy; and SFIPL’s established relationships with customers and suppliers developed for its trading operations. These apart, the rating also considers the established track record of Greta group in rice processing and biomass power generation, which give rise to operational synergies with SFIPL.

### Company Profile

Shriram Food Industry Private Limited (“SFIPL”/“the company”), part of Greta group of companies, was incorporated in the year 2014 and is engaged in the business of rice processing, trading, rice milling & grinding. The complete list of SFIPL’s product portfolio includes Parboiled Rice, Long Grain Parboiled Rice, White Rice, Steam Rice, Steam Basmati Rice, Steamed White Basmati Rice, 100 % Broken Rice, HMT Rice, Kolam Rice, BPT Rice and others. The company exports rice to Middle East and North African countries during 2014-15 and has commissioned paddy to rice mill and optical sorting (sortex) unit at Nagpur, Maharashtra. The rice mill has an installed capacity of 96,000 MTPA and the sortex unit has an installed capacity of 60,000 MTPA. The company is promoted by Mr. Anup Ramavtar Goyal, Mr. Ramavtar Thanuram Agrawal & Mr. Nitesh Chaudhari.

### Recent results

SFIPL reported a net profit of Rs. 1.3 crore on an operating income of Rs. 72.1 crore during 9M FY 2015-16.

**May 2016**

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For a complete rating scale and definitions, please refer to ICRA’s website ([www.icra.in](http://www.icra.in)) or other ICRA rating publications.



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