

R. R. International

November 28, 2019

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	5.00	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; Based on best available information.
Total	5.00 (Rupees Five Crore only)		

*Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **R. R. International (RRI)** to monitor the ratings vide e-mail communications/letters dated July 09, 2019, August 12, 2019, September 25, 2019 and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

The rating on RRI's bank facilities will now be denoted as **CARE B; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

At the time of last rating in August 09, 2018 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Small scale of operations with low profit margins: The scale of operations of the firm was small marked by its total operating income (TOI) of Rs.2.76 crore with a PAT of Rs.0.05 crore in FY17. Furthermore the total operating income has been drastically declining on y-o-y basis during last three financial years (FY15: Rs.76.08 crore, FY16: Rs.47.71 crore and FY17: Rs.2.76 crore). However the firm has reported turnover of Rs.73.31 crore in FY18. Moreover, the profitability margins of the firm remained low marked by PBILDT margin of 2.86% (FY16: 1.00%) and PAT margin of 1.85% (FY16: 0.52%) in FY17.

Proprietorship nature of business: RRI, being a proprietorship firm, is exposed to inherent risk of the capital being withdrawn at time of personal contingency and entity being dissolved upon the death/insolvency of the proprietor. Further, proprietorship firm has restricted access to external borrowing as credit worthiness of the proprietor would be the key factors affecting credit decision for the lenders.

Geographical concentration and Geo-Political Risk: RRI generates 100% revenue from export and the firm exports only to Bangladesh and hence, a slump in the demand from this region might significantly impact the revenue of the firm.

Presence in highly competitive & fragmented industry: RRI operates in highly fragmented and competitive market marked by the presence of numerous organized as well as unorganized players in India. Low entry barriers and low investment requirements makes the industry highly lucrative and thus competitive. Smaller companies in general are more vulnerable to intense competition due to their limited pricing flexibility, which constrains their profitability as compared to larger companies who have better efficiencies and pricing power considering their scale of operations.

Key Rating Strengths

Experienced proprietor with long track record of operations: RRI was established as a proprietorship firm by Mr. Ayub Mondal since January 2000 and engaged in trading of non-basmati rice, wheat etc. Accordingly, it has over 18 years of long track record of operations and has established good relationship with its clients. Currently the firm is managed by Mr. Ayub Mondal (proprietor, aged about 51 years) is having over two decades of long experience in the trading and exporting business. He looks after the overall management of the firm, with adequate support from a team of experienced personnel.

Strong capital structure with satisfactory debt coverage indicators: The capital structure of the firm was strong with nil debt equity and overall gearing ratio due to nil debt as on March 31, 2017. Moreover the debt coverage indicators of the firm were also satisfactory with interest coverage ratio of 13.35x and nil total debt to GCA in FY17.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer not cooperating, based on best available information

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch'](#)

[Rating Methodology - Wholesale Trading](#)

[Financial ratios – Non-Financial Sector](#)

[CARE's Policy on Default Recognition](#)

About the entity

R. R. International (RRI) was established in January 2000 as a proprietorship firm by Mr. Ayub Mondal based out of West Bengal. The firm is a merchant exporter of non-basmati rice, wheat etc. and it exports only to Bangladesh. The firm has One Star Export House status from the Government of India.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	47.71	2.76
PBILD	0.48	0.08
PAT	0.25	0.05
Overall gearing (times)	0.00	0.00
Interest coverage (times)	2.36	13.35

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	5.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Bank Overdraft	LT	5.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information	-	1)CARE BB-; Stable (23-Jul-18)	1)CARE BB-; Stable (03-May-17)	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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