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CARE ASSIGNS 'CARE B+' RATINGS TO BANK FACILITIES OF RICHU MAL BISHAN SARUP

Rating

Bank Facilities	Amount (Rs. crore)	Ratings ¹	Remark
Long-term Bank Facilities	5	CARE B+ (Single B Plus)	Assigned
Total Facilities	5		

Rating Rationale

The rating assigned to the bank facilities of Richu Mal Bishan Sarup(RMB) is primarily constrained on account of its small scale of operations, weak financial risk profile marked by fluctuating scale of operations, thin profitability margins, leveraged capital structure & weak debt coverage indicators and working capital-intensive nature of business along with associated seasonality risk. The rating is further constrained owing to high competition coupled with low entry barriers and constitution of the entity being a partnership firm. The rating, however, draws comfort from its experienced partners and RMB's long track record of operations.

Going forward, the ability of the firm to increase its scale of operations while efficiently managing its working capital requirements and ability to improve the capital structure shall be the key rating sensitivities.

Background

Richu Mal Bishan Sarup (RMB) was established in 1961 as a partnership firm by Mr Richumal and Mr Bishan Sarup and the firm is currently being managed by their grandchildren viz Mr Arun Gupta, Mr Ashish Gupta and Mr Anurag Gupta. The firm is engaged in trading of food and food products such as dry fruits, desi ghee etc. The firm mainly procures ghee from processing units in Delhi and near regions whereas it procures dry fruits from traders located across Delhi, Haryana and Uttar Pradesh. RMB sells its products to retailers and distributors in Delhi and nearby regions.

In FY14 (refers to the period April 1 to March 31), RMB has achieved a total operating income (TOI) of Rs.12.38 crore and PAT of Rs.0.03 crore as against TOI Rs.15.08 crore and PAT of Rs.0.03 crore in FY13. As per the provisional results during FY15, the firm achieved TOI of Rs.17.57 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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