

Riyara Trading

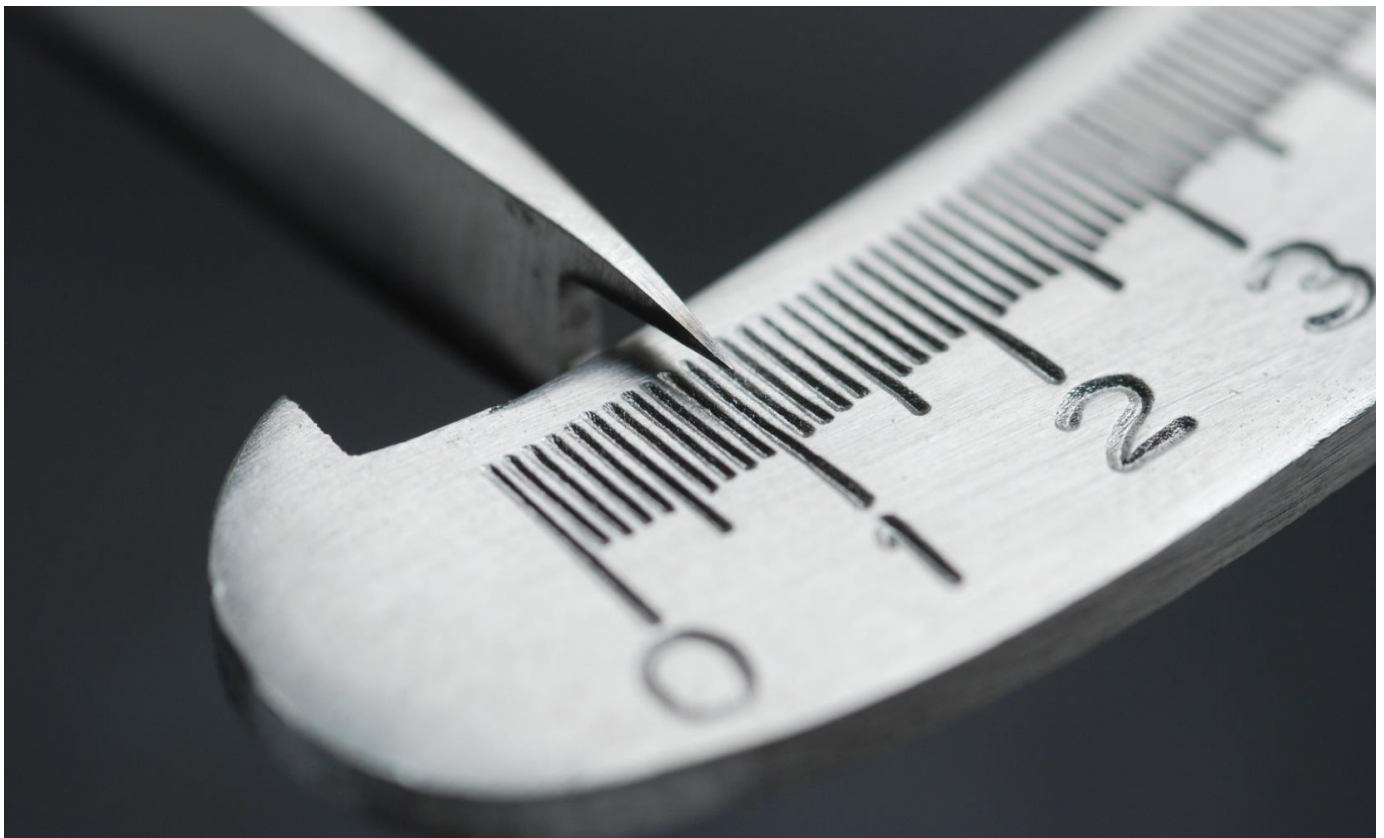
NSIC-CRISIL Rating: CRISIL MSE 3

Financial strength: Highest

Operating performance: Average

Indicates 'High' creditworthiness in relation to other Small and Medium Enterprises

Report Date: October 23, 2018 / **Valid Till:** October 22, 2019



NSIC-CRISIL performance and credit rating

CRISIL MSE 3 indicates 'Good' credit worthiness adjudged in relation to other MSEs	CRISIL MSE Rating	Definition	Financial Strength	Operating Performance
	MSE 1	Highest	Highest	Highest
	MSE 2	High	High	High
	MSE 3	Good	Good	Average
	MSE 4	Above Average	Above Average	Weak
	MSE 5	Average	Average	Poor
	MSE 6	Below Average	Below Average	
	MSE 7	Weak	Weak	
	MSE 8	Poor	Poor	

Rating history

Rating	Assigned on	Valid till	Rating acceptance	Type
MSE 3*	August 22, 2017	August 21, 2018	Rating accepted	New

*Financial Strength: **High** and Operating Performance: **Average**

Key rating drivers

Business and management

Strengths	<ul style="list-style-type: none"> • Management expertise: The proprietor has 10 years of experience in the same line of business. This indicates his ability to maintain business viability and steer the business through operational hurdles. • Well-defined organisation structure: The firm has a qualified and experienced second-tier management that has decision-making powers. • Good scalability: Despite its relatively short track record of 4 years, the firm has significantly scaled up, as reflected in increase in net sales to Rs 11,105.89 lakh for fiscal 2018 from Rs 750.41 lakh in fiscal 2015. • Near-term business certainty: The firm recorded sales of Rs 6,028.00 lakh from April 1, 2018 to September 30, 2018, and has projected net sales of Rs 12,500.00 to be executed by fiscal 2019.
Risk factors	<ul style="list-style-type: none"> • Geographic concentration risk: The firm's reach is largely restricted to customers in Tamil Nadu. Sustained business growth depends on the management's ability to diversify geographic reach.

Financial

Strengths	<ul style="list-style-type: none"> • Adequate profitability: The firm registered an adequate operating profit before depreciation, interest, and tax (OPBDIT) margin of 10.95%, profit after tax (PAT) margin of 10.20%, and return on capital employed (RoCE) of 40.72% in fiscal 2018. • Strong credit protection measures: This is reflected in the firm's: <ul style="list-style-type: none"> ○ Debt-equity ratio (not including promoter loans as debt) of 0.34 time and total outside liabilities/tangible net worth (or capital) of 0.59 time as of fiscal 2018 ○ Net cash accruals to total debt of 73.87% and PBDIT interest cover of 16.59 times as of fiscal 2018 • Financial flexibility: A large capital base of Rs. 2,397.29 lakh as of fiscal 2018 shields the firm from external shocks and also provides flexibility for future capital expenditure (capex). • Adequate liquidity: The firm had a current ratio of 41.81 times as of fiscal 2018, which suggests its ability to meet short-term debt obligations and implies that it has an efficient operating cycle.
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Fact sheet

Name of the firm	Riyara Trading
Year of establishment	2014
Commencement of operations	
Legal status	Proprietorship
Legal history	<ul style="list-style-type: none"> • 2014: Established as a proprietorship concern by Chandrasekaran Saravanan. • There has been no change in the firm's name, business, management, or constitution since then.
Udhyog aadhaar no	TN02E0052401
Registered with	Not applicable
Registration number	
S SI registration number	
Proprietor	Chandrasekaran Saravanan
Category of entrepreneur	General
Registered office, administrative office and trading facility	47, Desabhandu Plaza Whites Road, Royapettah Chennai - 600 014, Tamil Nadu Tel: +91 9840 099 799 Email: saravanan@riyara.com Website: www.riyara.com
Number of employees	Permanent: 32 Contractual: Nil Total: 32
Certifications and awards	None
Brands	
Statutory compliance	<ul style="list-style-type: none"> • Income tax filing: Regular and timely • Excise duty filing (till June 30, 2017): Regular and timely • GST filling (from July 1, 2017): Regular and timely • Service tax filing (till June 30, 2017): Regular and timely • Wealth tax filing: Not applicable • ESIC and EPF dues: Regular and timely <i>(As provided by management, not independently verified)</i>

Business profile

Business description

Nature of business	:	Trading
Industry	:	Cement
Industry prospects	:	Moderate
Business description	:	<p>Business:</p> <ul style="list-style-type: none"> The firm is a wholesale distributor of construction material (cement). The firm is a sub-distributor of the following companies: <ul style="list-style-type: none"> The India Cements Limited Sree Jayajothi Cements Private Limited Penna Cement Industries Limited The Ramco Cements Limited Sagara Cement Limited Chettinad Cement Corporation Private Limited Sagar Cements (R) Limited JSW Cement Limited The firm also procures loose cement from the local dealers and supplies it to civil contractors. The firm does not maintain any inventory for cement as the procurement and supply is made on an immediate basis. <p>Price range:</p> <ul style="list-style-type: none"> The firm supplies its product at Rs 5,000.00 to Rs 6,300.00 per tonne. <p>Margins:</p> <ul style="list-style-type: none"> The firm maintains an average margin of 5.00 to 10.00%. However, margins differ based on the client's requirements. <p>Transportation:</p> <ul style="list-style-type: none"> The firm transports loose cement from the point of manufacturer to the customer's point of delivery in a special transport vehicle known as "bulker vehicle". <p>Customer base:</p> <ul style="list-style-type: none"> The firm supplies the cement to all types of civil construction contractors. <p>Shift:</p> <ul style="list-style-type: none"> The firm operates in a single 9-hour shift.
End-user industries	:	Construction companies
Experience in the business	:	4 years
Product range	:	Diversified
Degree of competition	:	Average; entry barriers are low
Plans	:	The firm does not have any expansion or diversification plans for the near future.
Customer profile	:	Direct customers
Installed capacity/facility	:	
Utilised capacity	:	Not applicable

Product profile

Product profile	Share in net sales (%)
Bulk Cement	100.00
Total	100.00

Customer profile and demand-side analysis

Customer name	Address	Product	Length of relationship	% share in sales
Raymix Concrete Private Limited	Tamil Nadu	Bulk Cement	3 years	Varies annually
Annai Infra Developers Private Limited (CRISIL BBB/Stable/A3+)				
Raj Paris Civil Construction Limited			2 years	
PST Engineering Private Limited				
CMK Project Private Limited				

Notes:

- The firm caters to 183 customers across Tamil Nadu.
- Each customer accounts for less than 25% of the total sales.

Terms of credit	:	Credit up to 70 days
Process of getting orders	:	Regular orders from customers
Exports	:	Nil
Marketing network	:	The firm has a three-member marketing team, headed by P Gopal to conduct marketing to acquire new customers.
Geographical reach	:	Limited to Tamil Nadu

Supplier profile and supply-side analysis

Supplier's / Wholesaler's name	Address	Product	Length of relationship
Sree Jayajothi Cements Private Limited	Tamil Nadu	Bulk Cement	3 years
The India Cement Limited			
Penna Cement Industries Limited			
The Ramco Cements Limited			
Sagar Cement Limited			
Chettinad Cement Corporation Private Limited			
JSW Cement Limited			

Terms of purchase	:	Credit up to 10 days
Traded goods availability	:	Ample
Traded goods price volatility	:	Moderate
Ability to pass on traded goods price increase	:	Yes
Imports	:	Nil

Trading facilities

Labour oriented operations	:	Yes
Labour union	:	No
Labour relationships	:	Cordial
CNC machines, CAD, CAM, automation	:	Not applicable
In-house R&D, designing facilities	:	
Facility layout	:	Spacious and well-organised

Ownership and management

Proprietors' profile

Director's name	:	Chandrasekaran Saravanan
Age	:	35 years
Qualification	:	BE (Computer Science)
Designation / responsibilities	:	Proprietor/Overall management
Relevant experience	:	10 years: <ul style="list-style-type: none"> ○ 6 years (Details sought by CRISIL, not provided by firm) ○ 4 years in the rated firm
Promoters' experience in current business	:	As specified above
Experience in the same line of business (including current experience)	:	
Promoters' experience in managing number of other businesses	:	The promoter currently manages one business
Personal net worth	:	Rs 2,000.00 lakh as of fiscal 2018 (Details sought by CRISIL, not provided by firm)
Director's address	:	6/20, 5 th Street Rutland, Nungambakkam Chennai – 600 006, Tamil Nadu
Telephone no.	:	+91 9845 056 546
Ownership of residence	:	Owned
Vehicles used	:	Mercedes Benz

Key management personnel

Name	:	P Gopal
Age	:	34 years
Qualification	:	Undergraduate
Designation / responsibilities	:	Manager/Sales
Relevant experience	:	8 years (Details sought by CRISIL, not provided by firm)
Address	:	47, Desabhandu Plaza Whites Road, Royapettah Chennai - 600 014, Tamil Nadu
Telephone no.	:	+91 9840 099 799

Name	:	Rekha
Age	:	Details sought by CRISIL, not provided by firm
Qualification	:	
Designation / responsibilities	:	Head/Administration
Relevant experience	:	Details sought by CRISIL, not provided by firm
Address	:	47, Desabhandu Plaza Whites Road, Royapettah Chennai - 600 014, Tamil Nadu
Telephone no.	:	+91 9884 899 469

Organisational structure, controls and systems

Proprietor	:	Chandrasekaran Saravanan
Constitution	:	Proprietorship
Second tier management	:	Qualified and experienced
Decision making powers	:	Decentralised
Reporting system or MIS	:	Yes
Type of reporting system	:	Computerised
Frequency of MIS / reporting	:	Daily
Litigations against the SSI	:	None
Litigations against the Proprietor	:	
Severity of litigations	:	Not applicable
Susceptibility to foreign exchange fluctuations	:	
Hedging against foreign exchange risks	:	
Susceptibility to commodity price fluctuations	:	
Hedging against commodity prices	:	
Asset insurance	:	Adequate

Ownership pattern

Not applicable

Group companies and firms

The firm does not have any sister/ affiliate concern.

Financial profile

Current financial performance

Performance for the period from April 1, 2018 to September 30, 2018		
Net sales	Rs lakh	6,028.00
OPBDIT	Rs lakh	Details sought by CRISIL, not provided by firm
Current order book	Rs lakh	
Debtors	Rs lakh	
Creditors	Rs lakh	
Capital	Rs lakh	
Total debt	Rs lakh	
Total debt- equity ratio	Times	

Projected / estimated performance during		FY 2019
Net sales	Rs lakh	12,500.00
PBT	Rs lakh	Details sought by CRISIL, not provided by firm
PBT margin	%	

Past financial performance

Profit and loss account

For the year ended		FY 16	FY 17	FY 18
		Audited	Audited	Audited
Number of months		12	12	12
Net sales	Rs lakh	6,281.22	10,340.69	11,105.89
Operating income	Rs lakh	6,305.62	10,375.47	11,111.65
Cost of sales	Rs lakh	5,917.27	9,645.22	9,894.61
OPBDIT	Rs lakh	388.35	730.25	1,217.04
Interest and finance costs	Rs lakh	80.49	57.16	73.37
OPBDT	Rs lakh	307.86	673.09	1,143.67
Depreciation	Rs lakh	2.88	-	10.16
OPBT	Rs lakh	304.98	673.09	1,133.51
Non-operating income / (expense)	Rs lakh	-	0.66	0.20
PBT	Rs lakh	304.98	673.75	1,133.71
Extraordinary income / (expense)	Rs lakh	-	-	-
Reported PBT	Rs lakh	304.98	673.75	1,133.71
Provision for taxes	Rs lakh	120.86	-	-
Deferred tax liability / (asset)	Rs lakh	-	-	-
PAT	Rs lakh	184.12	673.75	1,133.71
Drawings	Rs lakh	-	-	359.94
Net cash accruals	Rs lakh	187.00	673.75	783.93

Notes:

- Net sales increased during fiscal 2018 owing to increase in orders from customers.
- Operating income during fiscal 2018 mainly comprised net sales of Rs 11,105.89 lakh, commission received of Rs 5.41 lakh, and interest received of Rs 0.2 lakh.
- Interest and finance costs for fiscal 2018 comprised interest on borrowings of Rs 71.63 lakh, bank charges of Rs 1.03 lakh, and interest on TDS of Rs 0.71 lakh.
- Interest and finance costs for fiscal 2018 increased owing to high utilisation of overdraft facility from Axis Bank.
- Depreciation is charged according to provision of the Income Tax Act, 2013 in fiscal 2016 and fiscal 2018.
- Reason for non-provision of depreciation in fiscal 2017 sought by CRISIL, not provided by firm.
- Taxes for fiscal 2018, fiscal 2017 were paid in the proprietor's personal capacity.
- Drawings in fiscal 2018 refer to withdrawal of profits.

Balance sheet

		FY 16	FY 17	FY 18
		Audited	Audited	Audited
Liabilities				
Capital	Rs lakh	314.97	1,623.52	2,397.29
Deferred tax liabilities / (assets)	Rs lakh	-	-	-
Long-term debt	Rs lakh	967.51	266.09	280.98
<i>of which, current portion of long-term debt</i>	<i>Rs lakh</i>	-	-	-
Short-term debt	Rs lakh	-	579.90	780.24
<i>of which, working capital borrowing from banks</i>	<i>Rs lakh</i>	-	579.90	780.24
Other liabilities and provisions	Rs lakh	313.93	564.84	355.00
Total liabilities	Rs lakh	1,596.41	3,034.35	3,813.51
Assets				
Net fixed assets	Rs lakh	8.52	57.35	57.32
Investments	Rs lakh	1.64	1.74	-
Inventory	Rs lakh	0.24	67.90	18.48
Receivables (total)	Rs lakh	1,463.17	2,524.59	3,104.66
<i>of which, receivables greater than six months</i>	<i>Rs lakh</i>	-	-	-
Cash and bank balance	Rs lakh	107.45	154.82	592.13
Other current assets	Rs lakh	15.39	227.95	40.92
Total assets	Rs lakh	1,596.41	3,034.35	3,813.51

Notes:

- Long-term debt as of fiscal 2018 comprised vehicle loan of Rs 26.06 lakh from Sundaram Finance Limited (aggregate of two loans) and unsecured loans of Rs 254.92 lakh from promoter and family (interest payout details sought by CRISIL, not provided by firm).
- Short-term debt as of fiscal 2018 refers to overdraft facility availed from Axis Bank.
- Other liabilities and provisions for fiscal 2018 comprised creditors for goods of Rs 288.81 lakh, provisions of Rs 58.89 lakh, duties and taxes of Rs 6.44 lakh, and central sales tax (CST) payable of Rs 0.86 lakh.
- Fixed assets as of fiscal 2018 mainly comprised vehicles of Rs 50.21 lakh and Koel genset 20 KVA of Rs 2.70 lakh.
- Inventory as of fiscal 2018 comprised stock of traded goods.
- Other current assets as of fiscal 2018 mainly comprised loans and advances of Rs 30.25 lakh and deposits of Rs 10.45 lakh.

Key financial ratios

For the year ended / as at		FY 16	FY 17	FY 18
		Audited	Audited	Audited
OPBDIT margin	%	6.16	7.04	10.95
PAT margin	%	2.92	6.49	10.20
Return on capital employed	%	50.38	38.96	40.72
Gross current assets	days	86	92	104
Days inventory (on COP)	days	-	3	1
Days receivable (on gross sales)	days	85	89	102
Days payable (on materials)	days	15	18	11
Current ratio	Times	5.05	2.60	3.31
PBDIT Interest cover	Times	4.82	12.79	16.59
Net cash accruals/Total debt	%	19.33	79.64	73.87
Cash/TOL	%	8.39	10.97	41.81
Debt service coverage ratio	Times	0.13	7.81	13.21
Average cost of borrowing	%	13.57	6.30	7.69
Total outside liabilities/Capital	Times	4.07	0.87	0.59
Gearing - Total debt/Capital	Times	3.07	0.52	0.44
Gearing (considering promoter loans as neither debt nor equity)	Times	-	0.37	0.34

Notes:

- OPBDIT margin increased in fiscal 2018 mainly due to decline in material cost and other expenses as a percentage of operating income.
- Receivables and payables have been in line with credit terms of the firm over past 3 years.

Fund flow statement

For the year ended		FY 16	FY 17
Sources of funds			
Net cash accruals	Rs lakh	673.75	783.93
Equity infusion / Share application money	Rs lakh	634.8	-
Long-term debt borrowed (net)	Rs lakh	-	14.89
Short-term debt borrowed (net)	Rs lakh	579.90	200.34
Decrease in net current assets	Rs lakh	-	-
Sale of investments / fixed assets	Rs lakh	-	1.74
Other sources	Rs lakh	-	-
Total sources of funds	Rs lakh	1,888.45	1,000.90
Uses of funds			
Investment and fixed assets purchased	Rs lakh	48.93	10.13
Decrease in tangible net worth	Rs lakh	-	-
Long-term debt repaid (net)	Rs lakh	701.42	-
Short-term debt repaid (net)	Rs lakh	-	-
Increase in net current assets	Rs lakh	1,138.10	990.77
Other uses	Rs lakh	-	-
Total uses of funds	Rs lakh	1,888.45	1,000.90

Notes:

- Short term debt Borrowed for fiscal 2017 and fiscal 2018 comprises net increase in bank borrowings and commercial papers.
- Increase in net current asset for fiscal 2017 and 2018 comprises net increase in current liabilities.

Contingent liabilities

Contingent liabilities as on fiscal 2018: Nil

Auditors

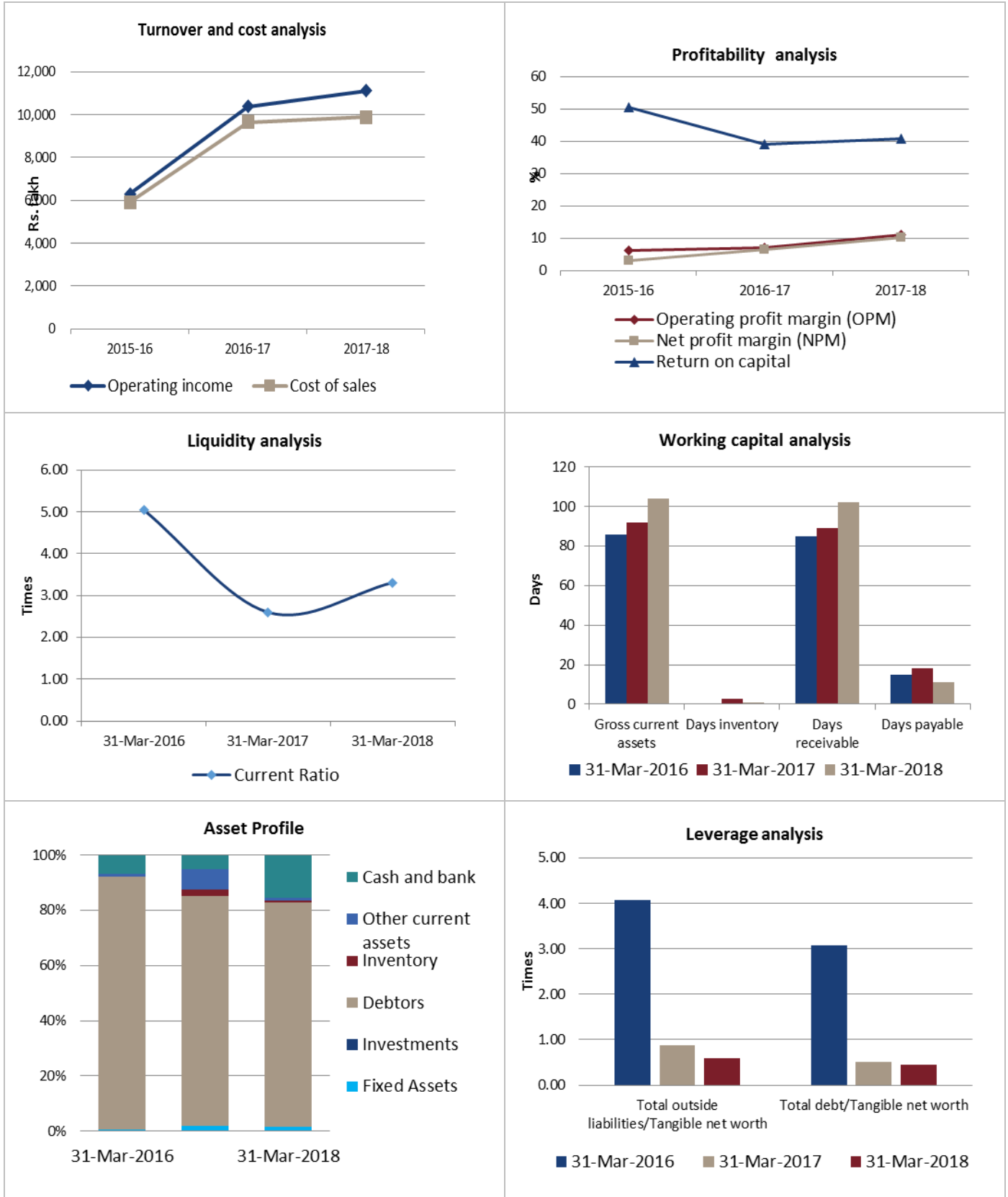
Sundaram and Narayanan, Chartered Accountant
 Membership no. 027073
 18, Balaiah Avenue
 Chennai – 600 004, Tamil Nadu

Auditors' comments and observations in their audit report for fiscal 2018, fiscal 2017, and fiscal 2016:

No adverse comment

Change in auditors, if any: None

Graphs



Banking facilities

Name and location of the bank/financial institution	Length of relationship	Facilities availed	Type of facility	Loan amount	Rate (%)
Axis Bank, Chennai, Tamil Nadu	2 years	Current account	Not applicable		Details sought by CRISIL, not provided by firm
		Bank overdraft	Fund-based limit	Rs 78.24 lakh*	
Sundaram Finance Limited, Chennai, Tamil Nadu	2 years	Vehicle loan		Rs 26.06 lakh* (aggregate of 2 loans)	

*Outstanding amount as of fiscal 2018

Note: Account performance is satisfactory

Site visit

Address of the site visited	:	47, Desabhandu Plaza Whites Road, Royapettah Chennai - 600 014, Tamil Nadu
Date of site visit	:	October 10, 2018
CRISIL representative	:	Mani
Unit official contacted	:	Name: Rekha Designation: Head/Administration Contact No.: +91 9884 899 469 Email id: rekha@riyara.com
No. of floors occupied	:	One Floor
Size of premises	:	2,300 square feet
Number of employees at the location	:	22 (at the time of site visit)
Child labour at the site	:	No
Locality	:	Commercial
Location area	:	Urban
Site location	:	Main road
Site used as	:	<ul style="list-style-type: none"> • Administrative office • Regional office • Sales
Site layout	:	Spacious and well-organised
Space around the building / structure	:	<ul style="list-style-type: none"> • Front porch • Backyard • Side space
Location advantages	:	Bus stand, Police station, Hospital
State of infrastructure	:	<ul style="list-style-type: none"> • Power: Stable • Backup power: Available • Water: Available • Labour unions: Do not exist • Transportation: Easily available • Overall infrastructure: Satisfactory
Electricity consumption	:	<ul style="list-style-type: none"> • August 2018 : 2,100 units • September 2018 : 1,890 units • October 2018 : 2,100 units
Building structure	:	Permanent structure
Ownership of premises	:	Rented
Sharing premises with group concerns	:	None
Facilities available at the site	:	<ul style="list-style-type: none"> • Telephone • Internet • Generator • Security guards • Name or sign boards • Fire extinguisher • Drinking water • Elevators • Boundary wall • Drainage and sewerage • Pantry and canteen

Installed capacity	:	Not applicable
Utilised capacity	:	
Raw material used	:	Not applicable
Source of raw material	:	
Environmental clearance obtained by unit	:	
Other observations	:	None