



Rating Rationale

Dhanalakshmi Sri Sai Rama Trading Company

21st April 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.7.00 Crs of Dhanalakshmi Sri Sai Rama Trading Company

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Open Cash Credit	3.00	Long Term	BWR B- (BWR Single B Minus) (Outlook: Stable)
Bank Guarantee	4.00	Short Term	BWR A4 (BWR A Four)
Total	7.00	INR Seven Crores Only	

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY16, publicly available information and the information/clarifications provided by the company.

The rating draws strength from the experienced partners in the rice industry, established clientele base and increased operating profit margin. However, the ratings are constrained by declined revenue, low tangible networth, high leverage with low coverage ratios, low net profit margin, stretched conversion cycle on account of increased inventory holding period, inherent risk in the consitution being partnership, agro climatic risk, highly fragmented & competitive nature of the industry.

Rating Outlook: Stable

BWR believes the **Dhanalakshmi Sri Sai Rama Trading Company** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

21st April 2017



About the Company

Dhanalakshmi Sri Sai Rama Trading Company was established in the year 2012 as a partnership firm, located at West Godavari Dist, Andhra Pradesh. Partners of the firm are Mr. Goli Visweswara Rao and Mr. G. V. V. S. S. Srinivasa Rao, who are having rich experience in the rice industry. The firm is engaged in processing of paddy into rice and its by-products (rice bran, broken rice and husk). The firm has a installed capacity of producing 1500 quintals of rice per day with an utilization of 65% (1000 quintals) of installed capacity.

Firm Financial Performance

The firm reported a operating income of Rs. 9.42 Crores in FY15 and Rs.5.29 Crores in FY16. Operating and net profit margins reported at 6.04% and 0.23% in FY16 as against 4.97% and 0.09% in FY15.

Rating History for the last three years:

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Open Cash Credit	Long Term	3.00	BWR B- (BWR B Minus)	Not Rated	Not Rated	Not Rated
2	Bank Guarantee	Short Term	4.00	BWR A4 (BWR A Four)			

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Manufacturing Companies](#)
- [Approach to Financial Ratios](#)

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**For print and digital media**

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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