



Rating Rationale

Brickwork Ratings Upgrades the ratings for Bank Loan facilities aggregating to Rs. 6.26 Crores of S.Sellammal Paddy Processing Mill

Brickwork Ratings (BWR) has upgraded the following Ratings¹ for Bank Loan facilities to S.Sellammal Paddy Processing Mill

Facility	Previous Limits (Rs. Crs)	Present Limits (Rs Crs)	Tenure	Ratings	Rating History November 2016
Fund Based Cash Credit	5.50	5.50	Long Term	BWR B+ (Pronounced BWR B plus) (Outlook : Stable)	BWR B (Pronounced BWR B) Outlook – Stable
Term Loan	0.87	0.76*			
Total	6.37	6.26	(INR Six Crores and Twenty Six Lakhs Only)		

*Term loan O/s as on 12/07/2017.

¹ Please refer to BWR website www.brickworkratings.com for definition of the ratings assigned.

Rating upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials up to FY16, provisional financials of FY17 and projected financials of FY18 and publicly available information and information/clarifications provided by the Firm's management.

The rating upgrade has factored the extensive industry experience of the partners in the rice milling industry, long track record of operations in rice milling, established relationships with the customers and the suppliers and growth in income. However the rating is constrained by small scale of operations, thin profitability margins, cyclicity inherent to rice mill industry and competition from similar players operating in the vicinity. Going forward, the ability of the firm to increase revenue levels with improvement in profitability, improved gearing levels and strengthen its capital structure will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes that S.Sellammal Paddy Processing Mill's 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.

About the Firm

S.Sellammal Paddy Processing Mill (SSPPM) was established in the year 2002 as a partnership firm by Mr.Natarajan and his family. Later in 2010, the partnership was reconstituted and his brother retired from the partnership. SSPPM is engaged in the business of processing of non-Basmati Rice. SSPPM sells rice under different brand names viz; Mangalam, Rohini, Sellammal, Mugil and Thendral . The firm's rice mill unit and office are located at Namakkal, Tamil Nadu. It has an installed milling capacity of 3 tons per hour.

Management Profile:

SSPM's management comprises of experienced and competent professionals. Mr.S.Natarajan is the managing partner of the firm. He has more than 3 decade of experience in the industry. The other partners are Mr.N.Jagadesan, Mr.N.Gopi, Mr.R.Sengodan and Mrs.N.Valarmathi who take care of the day to day operations of the firm.

Firm Financial Performance

SSPM has reported a profit after tax (PAT) of Rs.0.09 crs. on operating revenue of Rs.28.03crs. for FY16 as against profit after tax (PAT) of Rs.0.09 crs. on operating revenue of Rs.21.86 crs. for FY15. As provisional FY17, the achieved sales for April'16 to Mar'17 is Rs.29.55 crs and Tangible network is Rs.3.19 crs.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	November 15, 2016	Date in 2015	July 2014
1	Cash Credit	Long Term	5.50	BWR B+ (Outlook: Stable)	BWR B		BWR B
2	Term Loan - Existing	Long Term	0.76*				

Term loan O/s as on 12/07/2017



Status of non-cooperation with previous CRA (if applicable) –Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria

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



For any other criteria obtain hyperlinks from website

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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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.