

## Rating Rationale

### Seven Star Dhall Industries

19<sup>th</sup> June 2017

**Brickwork Ratings has upgraded the ratings for the Bank Loan Facilities of Rs.14.52 Cr of Seven Star Dhall Industries**

#### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<b>Fund Based</b> Cash Credit	9.00	12.00	Long Term	<b>BWR B</b> <b>Outlook: Stable</b> (Pronounced as BWR Single B)	<b>BWR B+</b> <b>Outlook: Stable</b> (Pronounced as BWR Single B Plus)
<b>Fund Based</b> Term Loan	0.56	0.72			
<b>Non-Fund Based</b> Stand by line of credit	1.35	1.80	Short Term	<b>BWR A4</b> (Pronounced as BWR A Four)	<b>BWR A4</b> (Pronounced as BWR A Four)
<b>Total</b>	<b>10.91</b>	<b>14.52</b>	<b>Rs. 14.52 Crores (Rupees Fourteen Crores and Fifty two Lakhs Only)</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rating Reaffirmed:

Brickwork Ratings (BWR) has reaffirmed rating for Bank Loan Facilities of Rs. 14.52 Crs of **Seven Star Dhall Industries** ('SSDI' or 'the firm').

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the firm up to FY16, provisional financial for FY17, publicly available information and information/clarifications provided by the management.

The rating has factored in inter- alia, the promoters experience in the industry, revenue growth and moderate financial profile. However, the ratings are constrained by high working capital intensity, intense competition, margin remaining susceptible to the price movements of Pulses. Further, being a partnership concern, any significant withdrawals from the capital account by the partners would adversely impact the capital structure of the firm, hence this remains a rating sensitivity.

Going forward, the ability of the firm to profitably scale up its operations along with effective management of working capital would be key rating sensitivities.

### Rating Outlook: Stable

BWR believes the **Seven Star Dhall Industries'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

SSDI is a partnership firm started in the year 2014 in Bangarpet, Karnataka. The firm is engaged in milling, processing and trading of various dals like Black Gram, Red/Green Lentil Urad, Moong, Tur and Chana. Mr. Syed Hidayathulla, Mr. Syed Vaseeulla and Mr. Syed Ishanulla are the partners of the firm.

### Financial Performance

As per audited financial statement of FY16, the firm has reported net sales/revenue of Rs. 68.59 Crs and PAT of Rs. 0.69 crs against net sales/revenue of Rs. 21.73 crs and PAT of Rs. 0.16 Crs in FY15.

### 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	2016	2015	2014
1	<b>Fund Based</b> Cash Credit	Long Term	12.00	<b>BWR B+</b> <b>Outlook: Stable</b> (Pronounced as BWR Single B Plus)	<b>BWR B</b> <b>Outlook: Stable</b> (Pronounced as BWR Single B)	-	-
2	<b>Fund Based</b> Term Loan		0.72			-	-
3	<b>Non-Fund Based</b> Stand by line of credit	Short term	1.80	<b>BWR A4</b> (Pronounced as BWR A Four)	<b>BWR A4</b> (Pronounced as BWR A Four)		

### Status of non-cooperation with previous CRA - Not Applicable

Hyperlink/Reference	to	applicable	Criteria
<ul style="list-style-type: none"> <li><a href="#">General Criteria</a></li> <li><a href="#">Approach to Financial Ratios</a></li> </ul>		<ul style="list-style-type: none"> <li><a href="#">Manufacturing Companies</a></li> <li><a href="#">Short Term Debt</a></li> </ul>	



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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.