



Rating Rationale

Sri Sati Aranjyothi Raw & Boiled Rice Mill

21st April 2017

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs.9.11 Crs of Sri Sati Aranjyothi Raw & Boiled Rice Mill.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based Limits			Long Term	BWR B+ (BWR Single B Plus) (Outlook: Stable)	BWR B+ (BWR Single B Plus) (Outlook: Stable) Re-affirmation
Cash Credit	7.50	7.50			
Term Loan-I	1.55	1.31			
Term Loan - II	0.37	0.30			
Total	9.42	9.11	INR Nine Crores and Eleven Lakhs Only		

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

Note: Term Loan – I & II – Outstanding as on 18-4-2017.

Rating reaffirmation

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY16, certified provisional upto Dec 2016, publicly available information and the information/clarifications provided by the firm.

The ratings draw strength from the long track record of the firm with an experienced management of more than 4 decades in the rice mill industry and moderate tangible network. The ratings, however, constrained by relatively small scale of operations with stagnant revenue growth, high gearing level, high dependency on working capital borrowings, inherent risk of consitution being a partnership, exposure to agro climatic risks, intensely competitive and fragmented nature of the industry.



Rating Outlook: Stable

BWR believes the **Sri Sati Aranjoyothi Raw & Boiled Rice Mill** 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

Sri Sati Aranjoyothi Raw & Boiled Rice Mill (SSARBRM) is a partnership firm established in the year 1983. The firm is engaged in producing of raw rice, boiled rice, broken rice and rice bran. The firm has an infrastructure such as boilers, steamers , dryers, milling and color sortex machine with an installed capacity of 700 quintals/8 hours. The varieties of rice are 1010, Swarna and Jaya under the brand name 'Jyothi'.

Firm Financial Performance

The firm reported a net revenue from operations of Rs. 28.22 Crores in FY15 and Rs. 32.49 Crores in FY16. Based on Provisionals as at 31.12.2016, revenue is Rs.23.07 Crs. Operating and net profit margins reported at 5.31% and 0.73% in FY16 as against 3.37% and 0.72% in FY15. As per Provisionals at 31.12.2016, the net profit margin is 0.73%and operating profit 5.61%.

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	19/05/16	07/04/15	18/03/14
1	Cash Credit	Long Term	7.50	BWR B+	BWR B+	BWR BB-	BWR BB-
2	Term Loan-I		1.31				
3	Term Loan - II		0.30				

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

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.