

RATING RATIONALE

15 Oct 2019

SS Fruits International Pvt Ltd

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 23.50 Crores of SS Fruits International Pvt Ltd. (SSFIPL)

Particulars:

Facility**	Amount (₹ Cr)	Amount (₹ Cr)	Tenure	Rating*	
	Previous	Present		Previous (July, 2018)	Present
Fund based	13.00	13.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook : Stable	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable Reaffirmed
Non Fund Based	10.00	10.50	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4+ (Pronounced as BWR A Four Plus) Reaffirmed
Total	23.00	23.50	INR Twenty Three Crores and Fifty Lakhs Only		

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

** Details of Bank facilities is provided in Annexure-I&II

RATING ACTION / OUTLOOK

BWR believes the **SS Fruits International Pvt Ltd** 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



KEY RATING DRIVERS

Credit Strengths:

- **Competent team of management:** The management team has an experience of over 25 years in agro industry indicating its ability to withstand business cycles.
- **Satisfactory track record of operations:** Mr. S K Mohammed Shafiullah, one of the two directors of the company, belong to an established business family dealing in the same business for around three decades and in 1996, SS Fruits commenced its operation as a proprietorship concern and was later converted into a private limited company in the year 2014.
- **Long Standing relationship with repeated customer base :** Over the years, the company has built a strong reputation and an established clientele some of whom have been with the company since the past twenty years.
- **Established Market position:** The Trading Network of the company spread across the southern India and even in some parts of western India thereby showing a wide customer base coupled with repeat orders over the years, signifying low counterparty credit risk and adequate revenue visibility going forward.
- **Improvement in tangible net worth :** The tangible net worth of the company has increased from Rs 10.75 Crs in FY17 to Rs 22.43 Crs in FY18 and further increased to Rs 29.46 Cars as per FY 19 (Provisionals) due to infusion of funds by the promoter.
- **Improved Gearing Ratio :** Gearing ratio has also improved from 4.66x in FY17 to 1.43x in FY18 and is projected to remain stable for the next two years.

Credit Risks:

- **Thin profit margins:** The company has thin profit margins of 0.19% in FY17 and 0.18% in FY18 mainly due to trading nature of the business
- **Foreign exchange exposure :** The company is exposed to volatility in forex rates since around 20% of their purchases are imported.



- **The price changes are subjected to climate and demand changes :** The company remains susceptible to volatility in the prices of agro commodities. Also, availability of fruits and vegetables is highly dependent on monsoon and other climatic conditions, which will remain a key rating sensitivity factor over the medium term.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

BWR has relied upon SS Fruits International Private Limited's (SSFIPL or "the company") audited financial results upto FY18, provisional financial data of FY19, projected financial data of FY20, and publicly available information and the information/clarifications provided by the company.

The rating draws strength from the financial conditions of the company extensive experience of the directors with nearly three decade long experience, established clientele with strong procurement network and infusion of capital at requirements. The rating is however constrained by stagnant net sales, thin profit margin, reduced EBITDA coupled with fluctuating raw material prices. Going forward, the ability of the company to increase its scale of operation, as well as profitability margin and manage their working capital requirements would be the key rating sensitivities.

Positive: The rating outlook may be revised to positive if the company is able to substantially improve the topline and bottomline

Negative: : The rating may be downgraded if there is a deterioration of profitability and liquidity profile.

LIQUIDITY POSITION (Adequate)

Liquidity is adequately marked by a current ratio at 4.15X and 2.76X in FY18 and FY17 respectively. The other liquidity indicators also stood adequate as marked by comfortable Conversion Cycle of 67 and 74 Days in FY18 and FY19 respectively. The same owes to decent credit terms enjoyed by the company. Debt Protection Metrics are above average i.e. ISCR is at 6.45X in FY18 which has improved from 1.28X in FY17. DSCR stood above average at 4.18X in FY18



COMPANY PROFILE

SS Fruits International Pvt Ltd, is a venture launched in 1996 as a proprietorship concern, later converted into a private limited company in the year 2014. Mr. S K Mohammed Shafiullah and Mrs A Sakira Banu are the directors of the company. SS fruits International has its head office in Coimbatore. Initially engaged in retail trading of fruits and vegetables. After 2013, their sales also cater to Wholesale Traders. The Trading Network of the company spread across the southern India and even in some Parts of Western India. Purchasing of fruits and vegetables is done during seasons at low cost, stored in cold storage and sold throughout the year taking advantage of price.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Crs	235.64	231.47
EBITDA	₹ Crs	0.82	2.52
PAT	₹ Crs	0.43	0.44
Tangible Net worth	₹ Crs	22.43	10.75
Total Debt/Tangible Net worth	Times	1.43	4.66
Current Ratio	Times	4.15	2.76

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : India Ratings and Research vide its press release dated 13 July 2018 has marked SSFIPL as Issuer not cooperating after assigning BB-/A4+.

RATING HISTORY

S.No	Instrument /Facility	Current Rating			Rating History	
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating 2019	July 2018	Jan 2017
1	Fund Based	Long Term	13.00	BWR BB+ (Pronounced as BWR Double B Plus) Outlook:Stable (Reaffirmed)	BWR BB+ (Pronounced as BWR Double B Plus) Outlook:Stable (Reaffirmed)	BWR BB+ (Pronounced as BWR Double B Plus) Outlook:Stable
2	Non Fund Based	Short Term	10.50	BWR A4+ (Pronounced as BWR Single A Four Plus) (Reaffirmed)	BWR A4+ (Pronounced as BWR Single A Four Plus) (Reaffirmed)	BWR A4+ (Pronounced as BWR Single A Plus) Outlook:Stable
	Total		23.50	₹ Twenty Three Crores and Fifty Lakhs Only		

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

[General Criteria](#)

[Approach to financial Ratios](#)

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SS Fruits International Pvt Ltd

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	State Bank of India	Cash credit	13.00	-	13.00
		Letter of Credit	-	10.50	10.50
		Bank Guarantee - sublimit under LC	-	(5.00)	(5.00)
INR Twenty Three Crores and Fifty Lakhs Only					23.50



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DISCLAIMER

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