



Rating Rationale

S S Poultries

January 29, 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 10.50 Crores of S S Poultries.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	8.50	Long Term	BWR B (BWR Single B) (Outlook: stable)
Non Fund Based	2.00	Short Term	BWR A4 (BWR A Four)
Total	10.50	INR Ten Crores and Fifty Lakhs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of SS Poultries up to FY17, publicly available information and information/clarifications provided by the company's management.

The rating draws strength from the experience of the promoters, improved scale of operations and stable revenues and support of associate concern. However, the rating is constrained by thin profitability margins, weak debt servicing metrics and high competition from established and unorganised players in the region.



Description of Key Rating Drivers

Strengths:

Experienced Promoters: The promoters of SS Poultries have experience in the sector. The partners Mr. Busseni Srinivas and Ms Busseni Nandini have over 10 years of experience in the poultry industry.

Improved Scale of Operations: The firm's operations over the last three financials years have grown. The revenue of the firm increased from Rs 9.29 Crs in FY15 to Rs 54.18 Crs in FY16 and have remained stable at Rs 54.22 Crs in FY17.

Support of Associate Concern: Venkatadri Breeders is an associate concern of the firm. It is managed by the same partners. The associate concern is involved in a similar business activity as they operate a breeding farm in Siddipet. Venkatadri Breeders are also one of the main suppliers for the firm.

Weaknesses:

Thin profitability margins and Low Net worth level : The firm's PAT in FY17 was Rs 0.14 Crs .The company's net worth level in FY17 was 1.38 Crs.

Weak Debt servicing metrics: The company has a weak debt servicing metrics as indicated by the low ISCR (Interest service coverage ratio) and DSCR (Debt service coverage ratio) ratios.

High competition from established players: The firm faces high competition from established as well as unorganised players from the poultry sector in the region.

Volatility in Prices: The firm's profitability is highly dependent on the prices for its products in the market, which in turn are highly influenced by factors such as raw material prices, disease outbreak etc.



Rating Outlook: Stable

BWR believes the business risk profile of **S S Poultries** 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 Company

S S Poultries (SSP) SS Poultries is a partnership firm based in Siddipet, Telangana. The partnership firm was established on April 1, 2012. The partnership firm has two partners Mr Busseni Srinivas (Managing Partner) and Ms Busseni Nandini. The Partners have over 10 years business experience in the poultry industry. The firm is involved in trading of birds and eggs. The firm has integrated operations and also operates a feed manufacturing unit. The feed manufacturing facility has a capacity of 70 MT per day. The firm manufactures 2200 tonnes (approximately) of feed per month.

Company Financial Performance

The company has achieved a total operating income of Rs. 54.22 Crs. The company's Profit after tax in FY17 was Rs 0.14 Crs.

Key Financial Indicators

Key Parameters	Units	FY17	FY16
Result Type		Audited	Audited
Operating Revenue	₹ Cr	54.22	54.18
EBITDA	₹ Cr	0.50	0.26
PAT	₹ Cr	0.14	0.11
Tangible Net worth	₹ Cr	1.38	0.26
Total Debt/Tangible Net worth	Times	7.22	6.07
Current Ratio	Times	3.12	1.32



Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	8.50	BWR B (Outlook: Stable)	-	-	-
2	Non - Fund Based	Short Term	2.00	BWR A4	-	-	-
	Total		10.50	₹ Ten Crores and Fifty Lakhs Only			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [Short Term Debt](#)

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Annexure I- Bank Facilities

Name of Bank	Sanctioned Facilities (Rs. Crs.)		Total Amount (Rs Cr)
	OCC	IBG	
Andhra Bank	8.50	2.00	10.50
Total Amount (Rs. Crs)	INR Ten Crores and Fifty Lakhs only.		

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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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