



Rating Rationale

Sameera Agro Industries

1Feb2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 29.21 Crores of Sameera Agro Industries.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb,2017)	Present
Fund based	23.50	29.21	Long Term	BWR BB (BWR Double B) Outlook: Stable	BWR BB (BWR Double B) Outlook: Stable Reaffirmation
Total	23.50	29.21	INR Twenty Nine Crores and Twenty One Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings:Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial statements up to FY17, and publicly available information and information/clarifications provided by the firm Management.

Reaffirmation of the rating takes into account of long experience of the promoters in the rice-milling industry, increased revenue growth, locational advantage.

However the ratings are constrained by working capital intensive nature of operations, declined operating profit margin and stagnant net profit margin, elongated conversion cycle, intense competition, susceptible to agro-climatic conditions and inherent risk being a partnership firm

Going forward the firm's ability to increase its scale of operations and profitability, as well as improve its overall financial performance, servicing the debt obligations promptly and managing its working capital requirements effectively would be the key rating sensitivities



Description of Key Rating Drivers

- **Credit Strengths:** Promoters have more than 2 decades of experience , revenues are increased to Rs 107.77 Crs in FY17 from Rs 94.84 Crs in FY16 locational advantage being paddy growing area of east Godavari Dist.
- **Credit Risks:** Operating profit margin declined to 4.18% in FY17 from 4.26% in FY16 conversion cycle 109 days in FY17, Net Profit margin stagnant at 0.55%.

Analytical Approach

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 Outlook: Stable

BWR believes the **Sameera Agro Industries** 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

Sameera Agro Industries is a partnership firm established in 2014 and is engaged in the milling of paddy for production of non-basmati rice products (raw rice and boiled rice). The milling unit is located in Narendrapuram, Rajanagaram Mandal, East Godavari District, Andhra Pradesh with a milling capacity of 20 metric tonnes per hour (MTPH). Sri. J.Sridhar, Sri. J.Sathyanarayana, Smt. J.Lakshmi, Smt. J. Sushma, Smt. R.Sridevi, Sri A.Haribabu and Sri. J.Bhaje Narayana are the partners of the firm. The firm is selling its products with brand names of - SAMEERA, AKSHAYA.

Financial Performance

As per audited financial of FY17, the firm has reported EBITDA Rs.4.50 Crs and PAT Rs.0.60 Crs on total operating income of Rs.107.77 crore as against EBITDA Rs.4.04 Crs and PAT Rs.0.52 Crs on total operating income of Rs.94.84 Crs in FY16. As on 31/03/2017 the firm's networth is Rs.16.96 Crs, gearing 1.30 times, Net Profit Margin, Operating Profit Margin, and Current Ratio have been recorded at 0.55%, 4.18%, 1.46 times respectively in FY17.



Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	21-02-2017	05-01-2016	2015
	Fund Based	Long Term	29.21	BWR BB Outlook:Stable Reaffirmation	BWR BB Outlook:Stable	BWR BB Outlook:Stable	Not Rated
	Total		29.21	INR Twenty Nine Crores and Twenty One Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments :Nil

Any other information: NA

Key Financial Indicators

Key Parameters	Units	2016	2017
Result Type		Audited	Audited
Operating Revenue	₹ Crs	94.84	107.77
EBITDA	₹ Crs	94.84	107.77
PAT	₹ Crs	0.52	0.60
Tangible Net worth	₹ Crs	16.36	16.96
Total Debt/Tangible Net worth	Times	0.89	1.30
Current Ratio	Times	1.58	1.46

Annexure-I

Details of Bank Facilities

₹ Crores

Name of the Bank	Name of Facility	Tenure	Previous Limits (Month, Year)	Present Limits
Andhra Bank	Cash Credit	Long Term	22.00	28.00
	Term Loan		1.50	1.21
Total			23.50	29.21

Bank Guarantee Rs.7.30 Crs and Packing Credit Rs.12.00 Crs are sub-limits with in Cash Credit Limit

Hyperlink/Reference to applicable Criteria

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

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 ₹ 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.

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.