



Rating Rationale

Sri Karigiri Food Industries

30th June 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 17.25 Crores of Sri Karigiri Food Industries ('SKFI or The Firm') as follows:

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based Cash Credit Stand By Line Of Credit	15.00 2.25	Long Term	BWR B+ (Pronounced as BWR single B plus) (Outlook: Stable)
Total	Rs. 17.25 Crores (INR Seventeen Crores and Twenty Five 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 primarily relied upon the audited financials up-to FY16, and publicly available information and the information/clarifications provided by the Firm's management.

The rating, inter alia, has factored the established track record of the firm in the rice industry, vast experience of the Partners, established relationship with customers & suppliers and improved networth. However, the rating is constrained by high gearing, inadequate coverage ratios, elongated cash conversion cycle, stiff competition in the rice industry and reduced net profit margins

Rating Outlook: Stable

BWR believes the Sri Karigiri Food 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

Sri Karigiri Food Industries, is a partnership firm, established in the year 2008, the firm is engaged in rice milling and processes paddy into rice, rice bran, broken rice and husk, having its manufacturing facilities in the Oorukere village, Tumakuru, Karnataka. Brand names of SKFI's are Karigiri pink, Karigiri gold, Ambari, Abhiruchi, Aksyaka, Shubha, 8115, 8800, Yatra, Roal city, Shreya and Adarsh.

Sri Karigiri Food Industries is managed by the partners Mr. Ashok Setty, Mr. K. A Abhilash and Ms. K. A Shoba Rani.

The managing partner Mr. Ashok Setty, has been in the rice business for over four decades. He has been in the paddy and rice trading business since 1975 through Sri Lakshminarayana Traders (operations discontinued in 2008). He was also a partner in Sri Lakshminarayana Rice Mill till 2008, when he started his own rice milling unit Sri Karigiri Food Industries. On account of Mr. Setty's experience in the rice trading and milling business, SKFI has established a strong customer base of over 100 rice distributors and wholesalers across Karnataka, Andhra Pradesh, and Tamil Nadu and has established healthy relations with farmers/suppliers.

The firm has installed capacity of 8 tonnes per hour, and is currently utilising at about 60 percent of its capacity. The firm has manpower of 12 permanent employees and 38 employees on contract basis.

Financial Performance

The Firm reported total operating income of Rs. 43.75 crores with PAT of 0.39 Crs in FY16 against total operating income of Rs. 54.45 crores with PAT of Rs. 0.63 Crs in FY15. As confirmed by the management the firm has reported total operating income of Rs. 40.10 Crs in FY17.

Rating History for the last three years:

Sl. No.	Instrument/Facility	Current Rating (2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
	Fund Based						
	Cash Credit Stand By Line of Credit	Long Term	15.00 2.25	BWR B+	Not rated earlier		



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Hyperlink/Reference to applicable Criteria

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

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.