



Rating Rationale

Sri Srinivasa Agro Foods

31st July 2017

Brickwork Ratings reaffirms BWR BB- (Outlook: Stable)/A4 for the Bank Loan Facilities of Rs. 20.66 crore of Sri Srinivasa Agro Foods, Mandapeta, East Godavari, Andhra Pradesh

Particulars

Facilities Rated	Amount [#] (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based Cash Credit Term Loan	16.00 3.26	18.00 0.66	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable Reaffirmed
Non Fund Based Bank Guarantee	1.50	2.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) Reaffirmed
Total	20.76	Rs. 20.66 Crore (Rupees Twenty Crore Sixty Six Lakhs Only)			

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

Rating Reaffirmed: Brickwork Ratings reaffirms BWR BB- (Outlook: Stable)/A4 for the Bank Loan Facilities amounting to Rs. 20.66 crore of Sri Srinivasa Agro Foods.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials up to FY16, management certified provisional financials of FY17, publicly available information and information/clarifications provided by the firm's management.

The rating reaffirmation continues to factor the extensive experience of partners in rice milling industry, established operational track record and locational advantage of the firm being located



in high paddy productive district of Andhra Pradesh. However, the rating continues to be constrained by modest scale of operations and moderate credit risk profile, susceptibility of profitability margins to volatility in raw material prices, exposure of Government Regulatory changes, agro climatic risk, intensely competitive in a highly fragmented industry and working capital intensive nature of operations.

Going forward, ability of the firm to increase its scale of operations, improve profitability, strengthen its credit risk profile and manage its working capital efficiently will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes that Sri **Srinivasa Agro Foods**' 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 Srinivasa Agro Foods ('SSAF' or 'the firm'), was established in November 2008, as a Partnership firm, in Mandapeta, East Godavari, Andhra Pradesh. The Partnership was reconstituted on 2nd April 2011, with 18 partners. SSAF is engaged in in the milling of paddy to raw rice and boiled rice with by-products like husk, rice bran, broken rice and others. The firm's rice milling unit is spread across around 6.50 acres with rice processing unit with an installed capacity of processing rice to the extent of 8 tonnes per hour and godown with a storage capacity of two lakh quintal of paddy. SSAF procures paddy through farmers and commission agents locally and from other states, namely, Bihar, Bengal, Telangana and Odisha. SSAF sells boiled rice to wholesalers in Kerala, under unregistered brand 'Butterfly' and 'Choice' and raw rice to wholesalers in Andhra Pradesh and Telangana under unregistered brand 'Butterfly' and '479'. SSAF also does job work for State Government agencies and Food Corporation of India under Custom Milled Rice scheme.

Sri Srinivasa Agro Foods is managed by Shri. Valluri Verraju, as Managing Partner. Shri. P Rama Sai Chowdary, Shri. Reddy Rudra Murthy, Shri. N Sathish Kumar, Shri. N Subba Rao, Shri. V Kamanna, Shri. V Sri Narayana Prasad Chowdary, Shri. C V Surya Chandra Kumar and Shri. G V Venkata Krishna Sagar are the other working Partners of the firm.



Financial Performance

SSAF's net revenue remained at a level of Rs. 41.75 Crore in FY16 as against Rs. 41.45 Crore in FY15, with net profit decreasing from Rs. 0.30 Crore for FY15 to Rs. 0.13 Crore for FY16. Partners' Capital was Rs. 5.28 Crore as on 31st March 2016. On a Provisional basis, the firm has achieved revenue of around Rs. 47.53 Crore in FY17.

Rating History for the last three years

Sl. No.	Instrument/Facilities	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs. Cr)	Rating	2016* (2 nd June 2016)	2015	2014
1	Cash Credit	Long Term	18.00	BWR BB- (Outlook: Stable) Reaffirmed	BWR BB- (Outlook: Stable) Assigned	-	-
2	Term Loan		0.66			-	-
3	Bank Guarantee	Short Term	2.00	BWR A4 Reaffirmed	BWR A4 Assigned	-	-

*Amount Rated: Rs. 20.76 Crore

Hyperlink/Reference to applicable Criteria

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

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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

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