

Rating Rationale

Brickwork Ratings assigns 'BWR B' for the Bank Loan Facilities of ₹ 9.48 Cr of Vinayaka Agro Industrie

Brickwork Ratings assigns the following **Ratings¹** for the Bank Loan facilities of **Vinayaka Agro Industrie (VAI or the 'Firm')**:

Bank Facilities	Limits (₹ Cr)	Tenure	Rating
Loan*	2.98	Long Term (Fund Based)	BWR B (Pronounced BWR Single B) (Outlook : Stable)
Cash Credit	6.50		
Total	9.48	INR Nine Crores and Forty Eight Lakhs only	

**Outstanding balance as on July 2016.*

BWR has essentially relied upon projected financials upto FY 17, publicly available information and information provided by the management.

The ratings draws strength from the experience of the partners in the rice milling industry, strengths derived from the group concerns engaged in similar line of business and the healthy growth prospects of the industry. However, the rating is constrained by volatility of raw material prices, achieve the projected revenues and profitability, exposure to agro climatic risks and working capital intensive nature of operations.

Background

Vinayaka Agro Industrie (VAI) is a Partnership Firm , set up in 2014 at Bangarpet. The partners of the firm are Mr. T.R. Supreth & Ms. T.R. Kalpana Ravi. Recently the firm has installed rice mill with a capacity of 6 tons/hour at Goravanhalli Village, Bangarpet, Karnataka. VAI is engaged in rice milling. While the main product of the firm is rice, the firm also sells broken rice, Rice Bran and Husk. Vinayaka Industries and Anil Enterprises are the associate firms of Vinayaka Agro Industrie. The partners are having contacts with rice dealers in the market by virtue of their association with Vinayaka Industries who are dealing with the rice products from past 4 years.

Management profile

VAI is a family owned business and the partners of the firm are Mr. T.R. Supreth & Ms. T.R. Kalpana Ravi. All the partners are well experienced in this industry.

Financial Performance

The firm has recently completed installation of machinery and started commercial production. The firm has availed the Term Loan and working capital limits from State Bank Of Mysore. The firm is expecting to achieve a turnover of over Rs. 35 crores in FY17.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook

Vinayaka Agro Industrie performance over the next year is expected to be stable. Going forward, the firm's ability to stabilizing production facilities set up, achieve projected turnover and manage its working capital efficiently shall be the key rating sensitivities.

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