



Rating Rationale

Sri Krishna Agro Industries

11 Jun 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹.15.46 Crores of Sri Krishna Agro Industries.

Particulars

Facility	Previous Amount (₹ Crs)	Present Amount Rated (₹ Crs)	Tenure	BWR Rating History (28/08/ 2018)	Rating Recommended
Fund Based	15.66	15.00	Long Term	BWR B+ Outlook: Stable Reaffirmation	BWR B+ Outlook: Stable Reaffirmation
Non-fund Based	0.74	0.46	Short Term	BWR A4 Assigned	BWR A4 Reaffirmation
Total	16.40	15.46	INR Fifteen Crores and Forty six lakhs Only		

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

Rating Reaffirmation

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Firm audited financial results upto FY18 and Provisional FY19 and FY20 projected .Publicly available information and information/clarifications provided by the Firm.

The rating draws strength from the experienced Promoters, Good relationship with the customer, Adequate liquidity position, However, the ratings are constrained by inherent risk of the constitution being a partnership firm, low DSCR and ISCR, Stretched conversation cycle.

Going forward, the ability of the Firm to increase its scale of operations, infuse the funds and manage its working capital efficiently would be like rating sensitivities.



Description of Key Rating Drivers

Credit Strengths:

Experience of the partners in the rice milling industry: Partners of the firm have about 15 years of experience in the rice milling industry, based in Nizamabad being paddy grown area, Adequate liquidity position reported in FY18.

Credit risks:

Exposure to agro climatic risks.
Inherent risk of the constitution being a partnership firm
Low ISCR and DSCR.

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 **Sri Krishna 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 Company

Sri Krishna Agro Industries was established as a Partnership Firm in 2001; with its registered office at Nizamabad, Telangana. The Firm is engaged in milling of paddy and generates by-products such as broken rice, bran and husk. The Firm has set up a rice mill in Nizamabad, Telangana with an installed capacity of 48000 tonnes per annum. The capacity utilization of the unit was around 26400 tonnes per annum in FY18. The Firm procures the raw material (Paddy) from grain market located in Telangana, Andhra Pradesh, Tamil Nadu and Karnataka States and sells its products to wholesalers, Govt. societies, distributors, etc.

Company Financial Performance

The Operating Revenue is decreased to Rs.42.24 Crores in FY18 from Rs.43.10 Crores in FY 17, PAT is negative in FY18, Adequate liquidity position reported in FY18, Low ISCR and DSCR, Tangible net worth is 6.1 Crs in FY18.

Rating History for the last three years

S.No	Facility	Type	Amount (₹ Crs)	Rating	Nov 2018	June 2017	2016
1.	Fund Based	Long Term	15.00	BWR B+ Outlook: Stable Reaffirmation	BWR B+ Outlook: Stable Reaffirmation	BWR B+ Outlook: Stable	Not
2.	Non Fund Based	Short Term	0.46	BWR A4 Reaffirmation	BWR A4 Assigned	Nil	
Total			15.46	INR Fifteen Crores and Forty six lakhs Only			

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	42.24	43.09
EBITDA	₹ Cr	1.93	3.09
PAT	₹ Cr	-0.46	0.38
Tangible Net worth	₹ Cr	6.1	6.9
Total Debt/Tangible Net worth	Times	3.3	2.5
Current Ratio	Times	5.0	1.3

Status of non-cooperation with previous CRA:Nil

Any other information:Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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