

Shri Karpadha Agro Foods

August 02, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	9.40	CARE D; ISSUER NOT CO-OPERATING (Single D; Issuer not co-operating)	Issuer not co-operating Based on best available information
Total Facilities	9.40 (Rupees nine crore and forty lakh only)		

Details of instruments/facilities in Annexure

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated May 31, 2018 placed the rating(s) of Shri Karpadha Agro Foods (SKAF) under the 'issuer non-cooperating' category as SKAF had failed to provide information for monitoring of the rating. SKAF continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated July 05, 2019, July 09, 2019, July 12, 2019, July 16, 2019 and July 17, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

At the time of last rating on May 31, 2018 following were the strengths and weaknesses.

Key Rating Weakness

Ongoing delays in meeting of debt obligations

The firm is unable to generate sufficient cash flows leading to strained liquidity position resulting in ongoing delays in meeting its debt obligations in time.

Key rating strengths

Long experience of promoters' family in rice milling industry

Mr.P.Palanisamy is the main promoter of SKAF and has an overall experience of 17 years in this industry. Prior to establishment of KAF, he was engaged in rice milling business as a partner in a firm established by family members. Subsequently, he retired from that firm and established KAF. Mr.P.Kalaivanan, one of the promoters is an *Electronics and Electrical Engineering* graduate and was looking after machinery maintenance. Mr.P.Arul, presently the Managing Partner in SKAF is an MBA graduate specialized. Prior to establishment of KAF, he was assisting in rice milling business established by family members looking after the overall operations.

Ms. Lalithambigai, partner joined the firm from April 2016 and is presently looking after administration and finance.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology – Manufacturing Companies](#)

About the Firm

Shri Karpadha Agro Foods (SKAF) is a partnership firm engaged in rice milling business and the present partners are Mr.Arul and Ms.Lalithambigai. Originally the firm was established in 2006 in the name of "Karpadha Agro Foods" (KAF) promoted by Mr.P.Palanisamy, Mrs.P.Dhanam, Mr.P.Kalaivanan and Mr.P.Arul. Subsequently the partnership was reconstituted in April 2015. The installed capacity of SKAF is 50 MT per day as of February 29, 2016 and SKAF utilizes 85% of its installed capacity on an average. SKAF owns storage capacity of 25,000 bags and a rented warehouse of capacity 20,000 bags.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications
 Issuer didn't cooperate; based on best available information

SKAF procure paddy primarily from farmers and traders in Tamil Nadu. After processing, the rice is packed in 25 kg (80% of the rice sale), 50 kg, and 75 kg bags and marketed with their own brand name "Karpadha" and "Pavai" across Tamil nadu. The client base of SKAF consists of both wholesalers (50%) and retailers (50%).

By product bran is sold to oil manufacturers in Vilupuram district and husk is used captively as fuel for power generation. In FY15, the firm reported net profit of Rs.0.21 crore on a total operating income of Rs.40.48 crore as against net profit of Rs.0.14 crore and total operating income of Rs.31.62 crore in FY14 respectively.

Brief Financials (Rs. crore)	FY14 (A)	FY15 (A)
Total operating income	31.62	40.48
PBILDT	1.34	1.60
PAT	0.14	0.21
Overall gearing (times)	1.60	1.45
Interest coverage (times)	1.47	1.40

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	Aug-2021	0.90	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	8.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer did not cooperate; based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	0.90	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (31-May-18)	1)CARE BB-; ISSUER NOT COOPERATING* (12-May-17)	1)CARE BB- (18-May-16)
2.	Fund-based - LT-Cash Credit	LT	8.50	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (31-May-18)	1)CARE BB-; ISSUER NOT COOPERATING* (12-May-17)	1)CARE BB- (18-May-16)

**Issuer did not cooperate; based on best available information*

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications

Contact us

Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

Analyst Contact

Mr. Manish Kumar

Contact no: 040-67937415

Email: manish.kumar@careratings.com

Business Development Contact

Ms. Uma Sellamuthu

Contact no: +044 – 2850 1025

E-mail: uma.s@careratings.com

CIN - L67190MH1993PLC071691

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