

Sri Lakshmi Venkatadri Agro Food Industries

June 15, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	-	-	Reaffirmed at CARE B+; Stable; Issuer not cooperating* and Withdrawn
Total	-		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has reviewed and reaffirmed the rating assigned to the bank facilities of Sri Lakshmi Venkatadri Agro Food Industries at CARE B+; stable; Issuer not cooperating; based on the best available information and has simultaneously withdrawn it, with immediate effect.

The rating withdrawal is at the request of Sri Lakshmi Venkatadri Agro Food Industries and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE.

Analytical approach: Not Applicable

Applicable Criteria

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

[Policy on Withdrawal of ratings](#)

Detailed description of the key rating drivers

Key Rating Weaknesses

Intense competition from several other players and material price volatility

SLVAFI faces stiff competition in the Rice business from large number of established and unorganized players in the market. Competition gets strong with the presence of unorganized players leading to pricing pressures. However, increasing demand scenario of Rice and its by-products in the country enables well for the entity. Further, the profitability margins of the firm are susceptible due to fluctuation in paddy prices.

Constitution of the entity as partnership firm

SLVAFI, being a partnership firm, is exposed to inherent risk of the partner's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/retirement/insolvency of the partners. Moreover, partnership firm business has restricted avenues to raise capital which could prove a hindrance to its growth.

Key Rating Strengths

Established track record and experience of the partner for one decade in Rice milling Industry

SLVAFI was established in the year 2008 and was promoted by Mr. N. Rajgopal (Managing Partner) and his family members. He has around a decade of experience in rice processing industry. Through his experience in the rice processing industry, the firm has established healthy relationship with key local suppliers and customers as well.

About the Firm

Karnataka based, Sri Lakshmi Venkatadri Agro Food Industries (SLVAFI) was established in 2008 as a partnership firm by .Mr. N Rajagopal, Mr. D Bheemesh, Mrs. N Vijayalakshmi & Mrs. D Manjula. The firm is engaged in processing and trading of rice. The manufacturing unit of the firm is located at Koppal, Karnataka with the area covering five acres. Apart from rice processing, the firm is also engaged in selling of by-products such as broken rice and bran.

Brief Financials (Rs crore)	FY17 (A)	FY18 (P)
Total operating income	30.56	35.14
PBILDT	1.01	1.59
PAT	0.19	0.22
Overall gearing (times)	2.61	3.02
Interest coverage (times)	1.82	1.64

A-Audited; P-Provisional

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer not cooperating; based on best available information

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for 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-Cash Credit	-	-	-	0.00	Withdrawn

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (03-Feb-20)	1)CARE BB-; Stable (03-Oct-18)	1)CARE BB-; Stable (04-Oct-17)

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.

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About CARE Ratings:

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