

Press Release

Sowbhagyalakshmi Raw and Boiled Rice Mill

April 18, 2022



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.00	ACUITE D Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	40.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Refer Annexure for details

*The issuer did not co-operate; Based on best available information.

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs.40.00 crore bank facilities of Sowbhagya Lakshmi Raw and Boiled Rice Mill (SRB). The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

The downgrade is based on the information available in the public domain which reflects delays in debt servicing.

About the Firm

Andhra Pradesh-based, Sowbhagyalakshmi Raw and Boiled Rice Mill (SRB) established in the year 1988 is engaged in the business of milling, processing and marketing of non-basmati rice. SRB has been promoted by Mr V Gopal Naidu and his family members.

About the Group

SRB is part of 'Sowbhagya group' which include other firms namely: Sri Sowbhagya Lakshmi Paddy Boiling Industries (SLPB) and Sri Bhagavan Venkaiah Swamy Rice Mill (SBVS) established in the year 1996 and 2001 respectively; both the firms are engaged in processing of paddy into rice and its by-products of broken rice, bran, and husk. All the units of these firms are located in and around Nellore, Andhra Pradesh. On a consolidated basis, the Sowbhagya Group has a milling capacity of around 490 tonnes per day (TPD). The group sells in domestic market under the brands of 'Amrutham', 'Sowbhagya', 'Sowbhagya lakshmi', 'Mahavishnu' and 'Venkaiah Swamy'.

Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before the due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

Rating Sensitivity

"No information provided by the issuer / available for Acuite to comment upon."

Material Covenants

Not Applicable

Liquidity Indicators

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Jan 2021	Proposed Cash Credit	Long Term	14.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	25.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	1.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
19 Jun 2019	Proposed Cash Credit	Long Term	14.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	25.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB- Stable (Assigned)
10 Jun 2019	Cash Credit	Long Term	25.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	25.00	ACUITE D Downgraded Issuer not co-operating* (from ACUITE BB+)
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE D Downgraded Issuer not co-operating* (from ACUITE BB+)
Not Applicable	Not Applicable	Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.00	ACUITE D Downgraded Issuer not co-operating* (from ACUITE BB+)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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