

CAM Reference ID.	CAM_SAMAGRO_FY22_461
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RISK APPRAISAL MEMORANDUM - STF

New

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Customer Name	Sri & Sri Private Limited	Customer id	-	RAM Date	09-11-2021
Group Name	Sri K Group	Customer Since	2020	Next Review Date	-
Registered Office & Address	Pitamber Nagar, Post+PS-Bihta, Near Amit Lodge Bombay - 777777 Bihar	Approving Authority	STF-OC	Business Head	Anuj Narang
Constitution	Private Limited	External Rating	Unrated	Relationship Mgr./contact no	Sunny Yadav/
Business Description	Engaged in the processing, supplier, and exporter of steam rice, raw rice	World Check One (Match/No Match)	No Match	Associate Name (If Applicable)	NA
Vertical	AE	Sector/Primary Secondary	Commodity/ Rice	Credit Manager/ Contact No	Kalluru Vyshnavi/
STF Internal Rating	A	STF Commodity	Rice	ESMS Categorization	Applicability – NA Category - NA
Internal Dedupe	No match				

Facility/ Tenor	Outstanding (as on 09-11-2021) (INR Mn)	Amount Authorized (INR Mn)	Change Inc/(dec) (INR Mn)	Amount Proposed (INR Mn)	Margin		
1. Structure Trade Facility (Non-Revolving) Credit Period : 6months Commodity : Rice	4.58	5	+60	65		Existing	Proposed
					Monthly procurement service charges	-	0.98% p.m of procurement price
					Sales Margin	-	0.75% flat for each transaction to be deducted upfront
					SA Payout	-	-
Total Exposure to Borrower*	4.58	5	+60	65			
Total Exposure to Group	4.58	5	+60	65			

Samunnati Group Exposure#	4.58	5	+60	65	
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#No limits are availed under Samfin

CUSTOMER PROFILE

1. Brief description of the Customer

Incorporation details: Sri & Sri Private Limited was established in the year of 2014 having its its registered office at Pitamber Nagar, Post+PS-Bihta, Near Amit Lodge, Patna – 801103, Bihar. Prior to forming company, directors were working with different name and from different address. “Sri & Sri Private Limited (SKSROMPL)” is engaged in the manufacturing, supplier, and exporter of steam rice, raw rice, and basmati rice, among others. Company engaged in basmati rice supply with one average of 20-25% of turnover. Basmati rice includes Katrani rice also. The company was incorporated in 2014 and has its registered office located at Pitamber Nagar, Post+PS-Bihta, Near Amit Lodge, Patna.

Business description: Company is engaged in the business of processing of Paddy into non-Basmati rice. Company procures paddy from the districts nearby to Patna and sales the processed rice to the dealers based out of nearby areas like Dehri on sone, Rohtas, Bhojpur, Aurangabad, Gopalganj and Bhagalpur. Company procures and sells directly or through commission agent. Suppliers of the company are mainly from Dehri on sone, Rohtas, Bhojpur, Aurangabad, Gopalganj and Bhagalpur while company covers around 20-25 districts of bihar as supplier. The company has main product is Katrani rice, Mansuri rice, Parmal rice etc. Company had owned brand name as “Yarana” but company has unregistered it due to high tax payment on brand. Company deals in cash and bank payment with the buyer and supplier.

Business Model & Geographies Covered: Sri & Sri Private Limited stand with confidence on various attributes which characterize the best quality of rice such as awareness of agricultural modern technology, new-age crops management practices and traditional knowledge and skills of cultivation & harvesting. Hence, the long-term relationship with hard working farmers enables them to lead in the food industry by providing the best quality of basmati rice. Not only in India but they have made their presence in the overseas market like Nepal.

Infrastructure: Currently company runs business at Pitamber Nagar, Post+PS-Bihta, Near Amit Lodge, Patna - 801103, Bihar. Land and infrastructure available at this address is owned and same is hypothecated by SBI against funding of 124.50 Mn.

CIN	U15312BR2023PPC01111
PAN	AAAAA018R
GST	10AAAAA018R1ZU

2. Promoters/Key Management Person

Name	Age	Designation	% of profit/loss share	CIBIL Score	CIBIL Comments as on 09-11-2021
John	46	Director	49.27%	754/772	No delinquencies found. Total 19 CF with 18 zero-balance, 0 overdue account. Current Outstanding is INR 0.03 Mn. All other tradelines are standard.
Sri Kumar	44	Director	49.27%	787/691	No delinquencies found. Total 7 CF with 6 zero-balance, 0 overdue account. Current Outstanding is INR 0.35 Mn. History of DPD observed in commercial vehicle loan. All other tradelines are standard.

Key Management Person	Name: Mr. Kay	Phone No:	Email id: nomail@gmail.com
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3. Comments on Commercial CIBIL

CR dated 09-11-2021, showing CIBIL MSME rank-8. Total 09 CFs, with 06 open CFs with outstanding amount of Rs. 76.07 Mn, out of which working capital is of Rs. 44.43 Mn, Term Loan is of Rs.31.64 Mn. All other accounts are standard with no delinquencies found. CMR 8 is reported due to one term loan has DPD of 29 days in some months in 2019 and in Jan'20 due to commitment charges (SBI activates standing instructions for term loan payment and they deduct the amount from account though the amount available is less than EMI. As full payment of EMI not done so they mark DPD in CIBIL) that have been charged to the client for overuse of the threshold limit.

4. Group Profile

- a. RH Agro Industries Private Limited

PURPOSE AND SUMMARY OF PROPOSAL

Propose fresh sanction of STF of Rs.60 Mn for tenor of 6 months for procurement of Rice

- Sri & Sri Private Limited was established in the year of 2014, engaged in the manufacturing, supplier, and exporter of steam rice, raw rice, and basmati rice
- Satisfactory repayment track record with our firm.
- Sri & Sri Private Limited has requested for STF of Rs.60 Mn to enable the firm to meet their additional working capital requirements and to enable them to go in for higher procurement.

Assessment with policy parameters of Structured Trade Facility

CLIENT PARAMETERS			Risk Score (as per NORMS)	Max. weightage	Score %
1	Commercial CIBIL	Major delinquencies, SMA-2 reporting, Substandard, Write off etc. and CMR >6	1	7%	2.33
2	Consumer CIBIL of the promoters	>650<750	2	3%	2.00
3	Liquidity (Current Ratio)	1.04	2	5%	3.33

4	Inventory Turn over (Days) - Commodity Holding period required	77.49	3	5%	3.75
5	PAT margin (%)	0.78	2	5%	3.33
6	TOL/TNW(Leverage)	5.55	2	5%	3.33
7	Sales (Top Line) Growth (%) – CAGR	19.73	3	5%	5.00
8	EBITDA Margin (%)	4.01	2	5%	3.33
9	DEBT/EBITDA	4.36	3	5%	5.00
10	EBITDA/INTEREST (Interest Coverage Ratio)	2.02	3	5%	5.00
				50%	36.42
BACKGROUND					
11	Experience in the Business(Including Associates Concerns) in Years	7.00	3	5%	5.00
12	Nature of Business	Medium sized Trader >=50 <200 Crore T/O	2	9%	6.00
13	Constitution of the business	Private Ltd	3	6%	6.00
14	Price Volatility of Underlying Commodity	High	1	9%	3.00
15	Future Price Outlook	Bullish	3	6%	6.00
16	Liquidity of the commodity	High	2	5%	3.33
17	Margin available	20.00%	2	10%	6.67
				50%	36.00
Overall Score				100%	72.42
Rating For Client		A			
Rating for Commodity		High			

HISTORICAL AND PROJECTED PERFORMANCE

(Figures in INR Mn)

S.No.	Parameters	2019	2020	2021
1	Gross Sales	436.83	501.06	599.92
2	Excise Duty	-	-	-

3	Net Sales	436.83	501.06	599.92
4	Credit Purchases	6.94	27.82	54.21
5	Average Accounts Payable	3.47	17.38	41.01
6	Other Income	-	-	-
7	Net Sales Growth (%)	0%	15%	20%
8	Net Profit (PAT)	2.64	2.77	4.66
9	Net Profit Margin(%)	0.60%	0.55%	0.78%
10	Growth in Net Profit(%)	-90.98%	5.07%	68.22%
11	Depreciation	5.16	4.58	5.92
12	Cash Accruals	7.80	7.35	10.58
13	Networth	29.76	32.52	37.18
14	Borrowings		95.45	104.81
15	Current Ratio	1.27	1.05	1.04
16	TOL/TNW - With Exposure	1.93	5.04	5.55
17	TOL/TNW - Without Exposure	1.93	5.04	5.55
18	Creditors Payable Period	15.66	27.51	-
19	EBITDA	14.08	14.15	24.04
20	EBITDA Margin	3.22%	2.82%	4.01%
21	DEBT/EBITDA	-	6.75	4.36
22	EBITDA/INTEREST	3.04	2.92	2.02
23	INVENTORY T/O RATIO (Days)	26.53	56.69	77.49

Turnover:

Turnover of the firm is increasing YOY from 436.83 Mn in FY'19 to 599.9 Mn in FY'21 due to expanding the business in different states and business produce capacity.

Margins:

EBITDA margin is increasing trend from 3.22% in FY 19 to 4.01% in FY 21.

PAT margin is in line with EBITDA Margin. It increased from 0.60% in FY 19 to 0.78% in FY 21.

Leverage Ratio:

Leverage ratio is deteriorating from 1.93x in FY 19 to 5.55x in FY 21 due to increase in the borrowings.

Coverage and Activity ratios:

Current ratio is hovering around more than 1% from past three years.

RECOMMENDATION

Recommend STF of Rs.60 Mn for 6 months tenure based on

- Director has 15 yrs. of hands of experience in this line of business
- Our limit will be secured through custody of stock procured through third party warehousing service provider and 25% advance margin collected from the company.
- Regular repayment track record as per Commercial CIBIL data.
- Satisfactory financial profile and good repayment track record with our firm.

Recommended by

Sunny Yadav
(RM)

Jayaprakash Guraja
(STF Desk - Head)

Appraised by

Kalluru Vyshnavi
(Credit Manager)

Siddharth Sarangi/ Anil Kunar Gullapalli
(Team Lead)

Ritesh Nair
(Sam Agro Credit Head)

Appendix I**TERMS AND CONDITIONS**

Name of Customer	Sri & Sri Private Limited
Limit proposed	INR 60 Mn
Facility	Structured Trade Facility
Revolving/Non- Revolving	Non-Revolving
Purpose	for procurement of "Rice"
Tenure(Initial Term)	6 months
Extended Term	3 months
Margin (Monthly procurement service charges for initial term)	0.98 % p.m. of the procurement price (other expenses on actual basis)

Monthly procurement charges for extended term	Nil
Advance money	25% of the transaction value or landed cost Advance Money applicable may change from time to time at the sole discretion of Samunnati Agro Solutions Pvt Ltd.
Sales Margin	0.75% flat for each transaction to be deducted upfront along with applicable GST
MTM percentage	5% of the procurement price
Repayment	On the respective due dates or at the time of lifting of stock whichever is earlier
Client visit and documentation charges	Rs. 10,000/- plus applicable taxes to be collect in form of an account payee cheque from operating
Billing for Expenses	<ul style="list-style-type: none"> Warehousing charges (Rent, Insurance, maintenance, loading/unloading, fumigation/spraying, security, etc.), etc. Consultant charges (Stock Monitoring Services, Surveyor charges, testing charges) All the above charges are to be paid by Customer within 7 working days from the date of receipt of invoice by Customer. Delay in payment attracts penalty of 2% p.m. from the due date.
Transportation Loading Unloading	Buyer's scope. However, Transportation and other cost incurred by Samunnati Agro on account of transporting the non- liquidated stock to the third party from warehouse to be adjusted against the margin money of buyer.
Other charges	All other incidental charges to be borne by customer on actual basis or billed to customer
Purchase Consideration	Upon receiving the margin money and Quality and quantity approval from concerned Buyer
Warehouse	Samunnati Agro will be holding title to the goods over the commodity stocked in the warehouse. Commodity to be stored in designated warehouses agreeable to Samunnati.
Right to Sale	<p>Samunnati Agro Reserves the right to sale or dispose the stock at designated Warehouse) under any of the following circumstances by giving 48 hrs notice to the customer:</p> <p>A) Stock Lying in TPW (designated warehouser) post the Final Expiry Date.</p> <p>B) Short fall in the Marked to Market (M2M) at any point of time.</p> <p>C) Quality deterioration</p> <p>D) Operational difficulties not forming part of Samunnati Agro's Scope – Such as difficulty in access, control, monitoring of stock</p>
Mode of Operation	<ol style="list-style-type: none"> Request Letter, Receipt of advance money, Quality and Quantity approval (Stock acknowledgement) from the Buyer. Warehouse Receipt from the designated warehouse Transportation & other standard documents Transportation & other standard trade documents.
Documentation	<p>From Buyer:</p> <ol style="list-style-type: none"> Client onboarding form Accepted Trade Arrangement Letter Statement of work (SOW) TF agreement

	5. Four (4) Undated Security Cheque from the Buyer as detailed under specific condition 6. Sale contract 7. KYC Documents. 8. CA certificate – confirming the amount of equity & unsecured loans in the books of the company as at 31 st Dec 2020.
Specific condition	Four (4) Undated Security Cheques (UDCs) from the company for overall limit from CC account with State Bank of India having A/c No. 1111111111111111 in favour of “Samunnati Agro Solutions Pvt. Ltd.,” with superscription “Not Exceeding Rs 6,00,00,000/-”
General Terms and Conditions	<ul style="list-style-type: none"> The Customer will keep Samunnati Agro Solutions Private Limited indemnified of any circumstances adversely affecting their financial position including any action taken by any creditor, Government authorities against them. The Customer shall pay the charges as per Samunnati’s standard schedule of charges for various services rendered by Samunnati. The Customer shall maintain adequate books and records which should correctly reflect their financial position. Samunnati Agro Solutions Pvt Ltd., or its authorized agent shall have the right to check the Credit Bureau Reports of the Customer & Guarantor at any point of time during the currency of this sanction

Appendix II – Account Review – New client – N.A.

<u>Sl.No</u>	<u>Deferrals pending</u>	<u>Compliance status</u>	<u>Action Point (timeline for the resolving of same)</u>
	NIL		

Appendix III – Group Exposure

Samunnati Financial Intermediation & Services Pvt Limited

<u>Borrower Name</u>	<u>Amount O/s(Mn)</u>	<u>Amount Authorised(Mn)</u>
NIL		

Samunnati Agro Solutions Pvt Limited

<u>Customer Name</u>	<u>Amount O/s(Mn)</u>	<u>Amount Authorised(Mn)</u>
Sri & Sri Private Limited	4.58	5

Appendix IV – Program Parameters Compliance

	Program Parameters	Compliance
PRODUCT DETAILS		
Facility Limit	Minimum: INR 10 Mn Maximum Client with A rating - INR 200 Mn BBB rating – INR 100 Mn BB rating - INR 50 Mn	Complied
Tenor	Minimum 1 Month & Maximum 6 months	Complied
Validity	In line with Program – parameters	Complied
Advance Money	Minimum 20%	Complied
Disbursement	Payment to be made to Supplier	Complied
Validity of sanction limit	12 months	Complied

Appendix V – Details of Reference Check –

Contacted Person	Phone No.	Nature of business relationship with the client	Feedback
NA			

Appendix VI-Related Party Disclosure

Related Party Transactions – Disclosure

- None of the Directors of Samunnati are Directors in the Borrowing Entity. Complied
- None of the Directors/employees of Samunnati have any direct or indirect interest in the proposed transaction. Complied

APPENDIX VII

Appendix VIII – Document Checklist

S.No	Documents	Availability
1	KYC of the Entity or CKYC id of the entity	Yes
2	KYC of Promoter/Director/Beneficial owner or CKYC id of promoter/Dir/Ben owner	Yes
3	Borrower Profile	No
4	Last three years Audited Financials	Yes
5	Audited Financials for FY 21	Yes
6	Bank statement for last 6 Months from all operating accounts	Yes

7	Stock statements for the last 3 months	Yes
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