



Press Release

SGR (777) Foods Private Limited

January 22, 2025

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	18.97	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	-	Assigned	Simple
Total	18.97 (Rupees Eighteen Crore and Ninety-Seven Lakh)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The assignment of the ratings by Infomerics to the bank facilities of SGR (777) Foods Private Limited (SGR) factors established track record of the company for over two decades in the food processing industry leading to established relationships with its customers and suppliers, improving scale of operations and comfortable operating cycle.

The ratings, however, are constrained by the moderate financial risk profile, significant geographical concentration, exposure to intense competition and volatility in raw material prices.

The 'Stable' outlook indicates that SGR is expected to continue to get benefits out of the established long track record, experience of the promoters and improving scale of operations.

Key Rating Sensitivities:

- **Upward Factors**

- Substantial and sustained improvement in the scale of operations, leading to an improvement in the credit metrics and profitability.



Press Release

- **Downward Factors:**

- Deterioration in the scale of operations or a decline in EBITDA margins due to industry or firm-specific factors, leading to a significant deterioration in the credit metrics and liquidity, all on a sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of the company and extensive experience of the promoter in the industry

SGR was established in 1954 as a partnership firm and reconstituted as a private limited company in 2003. Established track record of the company and longstanding industry experience of the promoters have given them an understanding of the dynamics of the market and enabled them to establish strong relationships with suppliers and customers.

Improving scale of operations

The total operating income in FY24 [refers to period April 1st, 2023, to Mar 31, 2024] stood at Rs 98.29 crore (FY23[refers to period April 1st, 2022, to Mar 31, 2023]: Rs 94.46 crore). The company registered a growth of 4.06% in the total operating income in FY24. SGR recorded a revenue of ~Rs 62 crore till November 2024 in FY25. Infomerics expects the revenue to exceed Rs.100 Crores in FY 25.

Comfortable operating cycle

The company operating cycle remained comfortable at 21 days in FY24. Average inventory Period stood at 29 days in FY24 as against 24 days in FY23. Average collection days stood at 27 days in FY24, as against 27 days in FY23. Average creditors days stood at 35 days in FY24 as against 40 days in FY23.



Press Release

B. Key Rating Weaknesses

Moderate financial risk profile

Company's capital structure stood moderately leveraged as on March 31, 2024, marked by overall gearing at 1.79x as on March 31, 2024 against 3.57x as on March 31, 2023. The total indebtedness of the company as reflected by TOL/TNW improved from 6.83x as on March 31, 2023, to 4.37x as on March 31, 2024. The interest coverage ratio and DSCR has improved and stood at 3.56x and 1.55x respectively in FY24 (1.87x and 0.96x in FY23). The improvement was on account of healthy EBITDA generation (3.94x in FY 24 and 1.52x in FY 23). Infomerics expects the financial risk profile to remain moderate in the medium term.

Exposure to intense competition and significant geographical concentration

The food processing industry is very competitive with many organized and unorganized players and their growing network, thereby impacting its profitability and debt servicing ability. The company is expected to maintain the quality and pricing power to sustain the intense competition. SGR's operations are concentrated primarily in south India with over 75% of the revenue from Tamil Nadu.

Susceptibility to regulatory risks, climatic changes and volatility in raw material prices

The food processing industry is regulated by several policies and bodies in terms of pricing, quality control, safety and health standards, and several other certifications and control standards. Thus, regular investment in the workforce and infrastructure is needed to conduct the business efficiently. Also, the major raw materials like chillies, black pepper, turmeric, etc are frequently impacted by climatic changes and price volatility, which can significantly impact the business.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Default Recognition](#)



Press Release

Liquidity: Adequate

The liquidity position of SGR is expected to be adequate in the near term. The GCA of the company stood Rs. 2.18 crore in FY24. The GCA for FY25-27 is expected to be in the range of Rs 4 crores to INR 6 crore as against the repayment obligations of Rs.0.80 crores and Rs.1.77 crore during the same period, indicating adequate liquidity to meet its obligations. The company has current ratio of 1.26x as on 31 March 2024. Additionally, the company has cash and cash equivalents of Rs 0.36 Crore as on 30 September 2024. The average OD utilization for the last 12 months ended October 2024 stood comfortable at around 58%.

About the company

SGR (777) Foods Private Limited was established in 1954 as partnership firm and reconstituted as a private limited company in 2003. The company is engaged in the manufacturing and distribution of the pure spices, blended spices, pickles, instant cooking mix, and other food products under the “777” brand.

Financials (Standalone):

	Rs. Crore	
For the year ended* / As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	94.46	98.29
EBITDA	1.43	3.88
PAT	0.24	1.79
Total Debt	11.93	9.08
Tangible Net worth	3.34	5.08
EBIDTA Margin (%)	1.52	3.94
PAT Margin (%)	0.26	1.82
Overall Gearing ratio (X)	3.57	1.79
Interest coverage (x)	1.87	3.56

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None



Press Release

Rating History for last 3 years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Overdraft	Long Term	5.00	IVR BB-/Stable	-	-	-
2	Dropline OD	Long Term	6.00	IVR BB-/Stable	-	-	-
3	Term Loans	Long Term	7.97	IVR BB-/Stable	-	-	-

Analytical contacts:

Name: Rekha Chokkalingam Tel: (022) 62396023 Email: rekha.chokkalingam@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



Press Release

ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Facility details:

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Overdraft	-	-	-	Revolving	5.00	IVR BB-/Stable
Dropline OD	-	-	-	Feb 2029	6.00	IVR BB-/Stable
Term Loans	-	-	-	Up to November 2028	7.97*	IVR BB-/Stable

*Includes a term loan of Rs 6.00 crore, which is not disbursed yet.



Press Release

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-SGR-777-Foods-22jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com

