

May 03, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	5.00	SMERA BB+/Stable (Reaffirmed)
Cash Credit	6.00 (Revised from Rs.4.00 Crore)	SMERA BB+/Stable (Reaffirmed)
Stand by Line of Credit	0.90	SMERA A4+ (Assigned)
Cash Credit (Proposed)	0.10 (Revised from Rs.3.00 Crore)	SMERA BB+/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA BB+**' (**read as SMERA double B plus**) and assigned short term rating of '**SMERA A4+**' (**read as SMERA A four**) to the Rs.12.00 crore bank facilities of Anupama Feeds and Farms (AFF). The outlook is '**Stable**'. The rating reaffirmation draws support from the firm's integrated operations, moderate revenue growth and experienced management. However, the ratings are constrained by the average financial risk profile, decline in operating profitability due to susceptibility of margins to feed and broiler prices inherent in the poultry business. The rating also factors the geographic concentration of the firm's revenues.

Updates

AFF achieved revenues of Rs.72.49 crore in FY2015, an increase from Rs.53.12 crore in FY2014. However, the operating margins registered a significant decline from 7.28 per cent in FY2014 to 5.11 per cent in FY2015 due to increase in raw material cost and weak demand. The firm's gearing stood at 1.91 times as on March 31, 2015 as compared to 1.95 times as on March 31, 2014. However, the interest coverage ratio deteriorated from 6.58 times in FY2014 and stood at 2.97 times in FY2015. The firm's liquidity is stretched with average bank limit utilisation for the past six months at 95.92 per cent ended March 31, 2016.

Outlook: Stable

SMERA believes AFF will maintain a stable business risk profile over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' if the firm registers significant and sustained growth in revenues and profit margins while achieving improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the revenues or profit margins. Any deterioration in the working capital management and financial risk profile may also entail a 'Negative' outlook.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the Firm

AFF, promoted by Mr. Vincent Cutinha in 2005 was established as a proprietorship firm and subsequently converted into a partnership firm. The firm manufactures poultry feed, rears broiler chicks and processes chicken. The firm also sells chicken on wholesale basis through its five retail outlets in Mangalore.

For FY2014-15, AFF reported profit after tax (PAT) of Rs.0.70 crore on operating income of Rs.72.49 crore, as compared with PAT of Rs.1.36 crore on operating income of Rs.53.12 crore in FY2013-14.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Mr. Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in	Mohit Jain Vice President – Rating Operations Tel: +91-22-6714 1105 Email: mohit.jain@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.