

August 03, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (**read as SMERA B plus**) to the Rs.6.00 crore long-term (fund based) bank facility of Amma Cashew Factory (ACF). The outlook is '**Stable**'. The rating is constrained by the firm's small scale of operations in a highly competitive and fragmented segment of the cashew processing industry and stretched liquidity profile. However, the rating is supported by the established track record of operations, experienced management and moderate financial risk profile.

ACF, established in 2004, is a Kerala-based proprietorship firm engaged in the cashew processing business. The firm's small scale of operations is reflected in the revenues of Rs.21.40 crore (provisional) in FY2014-15 (refers to financial year April 01 to March 31) as compared to Rs.18.18 crore in FY2013-14. The firm faces intense competition from other industry players and has a stretched liquidity profile marked by working capital cycle of ~157 days (provisional) in FY2015. The utilisation of working capital has been high at 90 per cent from January to June 2015.

ACF benefits from its experienced management. Mr. Jayaprakash, the proprietor, has more than a decades experience in the firm's line of business. The firm's moderate financial risk profile is marked by high gearing (debt-to-capital ratio) of 2.60 times (provisional) as on March 31, 2015 and low interest coverage ratio of 1.54 times (provisional) in FY2014-15.

Outlook: Stable

SMERA believes the outlook on ACF's rated facilities will remain stable over the medium term on account of the firm's experienced management. The outlook may be revised to 'Positive' if the firm achieves sustained growth in revenues and registers improvement in the capital structure. Conversely, the outlook maybe revised to 'Negative' in case of deterioration of capital structure and profit margins.

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 Company

ACF, established in 2004, is a Kerala-based proprietorship firm engaged in the cashew processing business. The firm is headed by Mr. Jayaprakash, the proprietor, who possesses more than a decades experience in the business.

For FY2014–15, ACF reported profit after tax of Rs.0.45 crore on net sales of Rs.21.40 crore (provisional) as on March 31, 2015, as compared with profit after tax of Rs.0.29 crore on net sales of Rs.18.18 crore in FY2013–14. The company's net worth stood at Rs.2.70 crore as on March 31, 2015.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in Web: www.smera.in	Parimal Thakker Assistant Vice President – Operations Tel: +91-011-49731312 Email: parimal.thakker@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.