

October 20, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	9.00	SMERA BB-/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB-' (read as SMERA double B minus)** to the Rs.9.00 crore bank facility of A.K.M Cashews (AKMC). The outlook is '**Stable**'. The rating draws support from the established track record of operations, experienced management and moderate financial risk profile. However, 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.

Outlook: Stable

SMERA believes the outlook on AKMC'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.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Efficient working capital cycle

About the Firm

AKMC, established in 2006, is a Kerala-based proprietorship firm engaged in the cashew processing business. The firm is headed by Mrs. Shamla Nizamudeen, the proprietor, who possesses more than a decades experience in the business.

For FY2013-14, AKMC reported net profit of Rs.0.60 crore on operating income of Rs.70.48 crore, as compared with net profit of Rs.0.69 crore on operating income of Rs.57.31 crore in FY2012-13. The company's net worth stood at Rs.2.45 crore as on March 31, 2014, as compared with Rs.2.20 crore a year earlier. AKMC, on a provisional basis, reported PAT of Rs.0.53 crore on an operating income of Rs.66.61 crore.

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