

Press Release

Sushila Agrovet Private Limited

March 02, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 8.98 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of 'SMERA D' (read as SMERA D) on the Rs. 8.98 crore bank facilities of Sushila Agrovet Private Limited.

Sushila Agrovet Private Limited (SAPL), incorporated in 2007 is a Mumbai-based company engaged in the breeding of broiler birds of Vencobb 400Y breed and selling of hatching eggs. The company was promoted by Mr. Sudhanshu S. Naik, Dr. Subodh S. Naik, Dr. B. D. Patil and Mr. G. P. Puro. The company procures day old parent chicks from Venkateshwara Hatcheries, grows them and sells the fertile broiler hatching eggs. The poultry farms are located at Satara and Alibag.

Key Rating Drivers

Strengths

- **Experienced management**

The management possesses more than two decades of experience in the poultry business through its group companies -Prabhat Poultry Private Limited and Prabhat Hatcheries Private Limited.

Weaknesses

- **Delays in debt servicing**

SAPL has availed of a term loan of Rs.7.98 cr in July, 2013, the repayment of which began in January, 2015. The outstanding amount is Rs.5.61 cr as on 31 January, 2017. However, SMERA has observed delays in the principal and interest payment of the above mentioned term loan.

- **Working capital intensive operations**

The operations of SAPL are working capital intensive with Gross Current Asset (GCA) of 155 days for FY2015-16 as against 207 days in the previous year.

- **Susceptibility of margins to volatility in feed and broiler prices**

The margins are susceptible to feed prices. Unseasonal rains affect agricultural output thereby affecting the cost of the feed.

- **Cyclical nature of the poultry industry and exposure to outbreaks of bird flu and other diseases**

The demand for poultry meat is cyclical in nature. Further, the industry is also exposed to risks associated with outbreak of bird flu and other diseases.

Analytical Approach

SMERA has taken a standalone view of the financial and business risk profiles of SAPL.

Outlook:

About the Rated Entity - Key Financials

For FY2015-16, SAPL reported profit after tax (PAT) of Rs. 0.03 cr on operating income of Rs. 9.46 cr, as compared with PAT of Rs. 0.05 cr on operating income of Rs. 6.90 cr in FY 2014-15. The company's networth stood at Rs. 4.73 cr as on March 31, 2016 as compared with Rs. 3.71 cr a year earlier.

Status of non-cooperation with previous CRA (if applicable)

ICRA, vide release dated October 21, 2015 has suspended the ratings of SAPL on account of lack of adequate information required for monitoring of ratings.

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
09-Dec-2015	Cash credit	Long Term	INR 1 CR	SMERA D
	Term Loan	Long Term	INR 7.98 CR	SMERA D

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA D
Term loans	Not Applicable	Not Applicable	30-Sep-2021	7.98	SMERA D

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