

February 23, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	6.00	SMERA B/Stable (Assigned)
Cash Credit	5.50	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B** (read as SMERA B)' to the Rs.11.50 crore long term (fund based) bank facilities of Shyam Hatcheries. The outlook is '**Stable**'. The rating is constrained by the low profitability, declining revenue trend and small scale of operations. The rating also factors in the cyclical nature of the poultry industry and outbreak of bird flu and other diseases. However, the aforementioned weaknesses are partially offset by the company's experienced management and established relations with customers and suppliers.

Outlook: Stable

SMERA believes Shyam Hatcheries will maintain a stable business risk profile in the medium term owing to its experienced management and established track record of operations. The outlook may be revised to 'Positive' in case the firm registers improvement in capital structure or substantial and sustained increase in revenue while improving profitability margins. Conversely, the outlook may be revised to 'Negative' if the firm registers lower than expected growth in revenues and profitability or deterioration in the financial risk profile.

Rating Sensitivity Factors

- Volatility in feed and broiler prices
- Improvement in profit margins

About the Company

Shyam Hatcheries, established in 2007, is a Haryana-based partnership firm engaged in the breeding and selling of broiler birds. Mr. Krishan Kumar and Mr. Bijender Singh, the partners possess more than two decades of experience in the same line of business. The company procures parent chicks from Venkateshwara Hatcheries Private limited.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.16 crore on operating income of Rs.17.85 crore as compared with PAT of Rs.0.12 crore on operating income of Rs.16.33 crore for FY2014. The company's net worth stands at Rs. 4.71 crore as on March 31, 2015 as compared with Rs. 4.21 crore in FY2014.

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