

### Shiva Parvati Poultry Feed Private Limited: Assigned

Name of the Instrument	Amount (Rs Crore)	Rating/Outlook
Cash Credit	35.00	SMERA BB/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA double B**) to the above mentioned bank facilities of Shiva Parvati Poultry Feed Private Limited (Shiva Parvati). The outlook is '**Stable**'. The rating derives strength from the long track record of operations and experienced management. The rating also draws comfort from the moderate working capital cycle. However, the rating is constrained by the moderate financial risk profile and thin margins.

Shiva Parvati, incorporated in 2004 is headed by Mr. Madhusudan Pannalal Kalantri, Mr. Dnyaneshwar Balkrishna Mamde and Mr. Dilip Balaji Chakkarwar. The directors have around three decades of experience in the fertilizers and seed industry.

The company's working capital cycle is comfortable with 99 debtor days and two creditor days for FY2015 as payments to farmers are made on cash basis. The GCA days stand at 151 for FY2015. Further, the bank limit utilization has been in the range of ~88 per cent for six months ending March, 2016.

However, the rating is constrained by the moderate financial risk profile marked by net worth of Rs.19.92 crore. This includes subordinated unsecured loans treated as quasi equity of Rs.5.09 crore as on March 31, 2016 (Estimates as provided by management) as against Rs.18.86 crore in the previous year with subordinated unsecured loans of Rs.4.89 crore.

The interest coverage ratio stands at 1.45 times for FY2015 as compared to 1.45 times for FY2014. DSCR is at 1.18 times for FY2015. The company operates at a gearing of 1.87 times as on March 31, 2015. The total debt of the company of Rs.35.22 crore includes working capital facilities.

The rating also notes the thin operating margins at which the company operates with Profit after Tax (PAT) at 0.85 per cent for FY2015 as against 0.82 per cent in FY2014 and 0.79 per cent in FY2013. However, EBITDA has shown an improvement and stands at 5.36 per cent in FY2015.

#### Rating Sensitivity Factors

- Growth in revenues while sustaining operating margins
- Deterioration in the financial risk profile
- Improvement in coverage indicators

#### Outlook-Stable

SMERA believes that Shiva Parvati's outlook will remain stable owing to the promoters experience in the industry. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while improving profitability. Conversely, the outlook may be revised to 'Negative' in case of weakening of profitability margins or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

**Criteria applied to arrive at the rating:**

- Parent Notch up

**About the Company**

Shiva Parvati, incorporated in March 2004 is engaged in the extraction of soybean crude oil and poultry feed. The company is a subsidiary of Shiva Global Agro Industries Limited and operates a solvent extraction plant for soya bean crude oil and poultry feed cake. The commercial operations of the plant commenced in December 2004.

For FY2014-15, the company reported profit after tax (PAT) of Rs.1.01 crore on operating income of Rs.118.54 crore, as compared with net profit of Rs.1.17 crore on operating income of Rs.142.12 crore in FY2013-14. The net worth stood at Rs.18.86 crore as on March 31, 2015 as compared with Rs. 15.46 crore a year earlier.

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