

Ashirvad Agro Processors (AAP)

Ashirvad Agro Processors: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Cash Credit	9.00	SMERA B+/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) to the above mentioned bank facility of Ashirvad Agro Processors. The outlook is '**Stable**'. The rating draws comfort from the established track record of operations and healthy revenue growth despite a moderate revenue profile. However, the rating is constrained by the moderate financial risk profile and declining profit margin.

Ashirvad Agro Processors was established as a proprietorship firm in Mangalore, by Mr. K.Sridhar Nayak in 2000. The firm is engaged in the processing of cashew kernels. The revenue profile of the firm has remained moderate increasing at a healthy pace from Rs.8.74 crore in FY2014 to Rs.46.88 crore in FY2016.

The moderate financial profile is marked by interest coverage ratio of 2.46 times in FY2016. The gearing however, is moderate at 3.67 times as on 31 March, 2016 on account of low net worth position. The net worth stood at Rs.1.70 crore as on March 31, 2016. Further, as informed by the banker, the utilisation of working capital limits has been around 100 per cent. The firm's PAT margin stood at 2.09 per cent in FY2014, 1.96 per cent in FY2015 and 1.58 per cent in FY2016. The EBITDA margin was 5.98 per cent in FY2014, 5.46 per cent in FY2015 and 2.79 per cent in FY2016. AAP is exposed to intense competition from large number of organised and unorganised players.

Rating Sensitivity Factors

- Scaling up operations by improving profit margins
- Efficient working capital management.

Outlook-Stable

SMERA believes that Ashirvad Agro Processors will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm improves its financial risk profile and increases scale of operations. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile and lower than expected profit margins.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Firm

Ashirvad Agro Processors was established as a proprietorship firm in Mangalore, by Mr. K.Sridhar Nayak in 2000. The firm is engaged in the processing of cashew kernels. For FY2015-16, the firm reported net profit of Rs.0.74 crore on operating income of Rs.46.88 crore, as compared with profit after tax of Rs.0.21 crore on operating income of Rs.10.75 crore in FY2014-15.

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ABOUT SMERA

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