

Press Release

Sri Parameswara Poultry Farm Private Limited

May 31, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 90.00 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 90.00 crore bank facilities of Sri Parameswara Poultry Farm Private Limited.

Sri Parameswara Poultry Farm Private Limited (SPPFPL) was established in 2011 by Mr. B Shiva Babu and family. The company is engaged in the production of eggs at Shadnagar, Telangana.

Key Rating Drivers

Strengths

- **Average financial risk profile**

The comfortable financial risk profile is marked by high net worth of Rs.27.70 crore, high gearing of 2.92 times, comfortable interest coverage ratio of 2.89 times and DSCR of 2.26 times in FY2016.

Weaknesses

- **Delays in debt servicing**

The rating reflects delays in servicing of debt obligations by the company.

- **Working capital intensive operations**

SPPFPL's working capital intensive operations are reflected in the high GCA days of 213 in FY2016 as against 234 in FY2015. The long receivables and inventory stood at 160 and 180 days in FY2016.

Analytical Approach

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

Outlook:

About the Rated Entity - Key Financials

SPPFPL reported profit after tax (PAT) of Rs.6.78 crore on total operating income of Rs.94.04 crore in FY2016, as compared with PAT of Rs.3.60 crore on total operating income of Rs.86.59 crore in FY2015. The tangible net worth stood at Rs.27.70 crore in FY2016 as compared to Rs.18.99 crore in FY2015.

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

None

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)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	21.00	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	46.16	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA D
Working Capital Term Loan	Not Applicable	Not Applicable	Not Applicable	16.00	SMERA D
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	2.84	SMERA D

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in Abhishek Dey Executive Analyst - Rating Operations Tel: +91 33 6620 1222 abhishek.dey@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular,

makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.
