

Press Release

05 July, 2017



Fino Foods Private Limited (FFPL)

Rating Assigned

Total Bank Facilities Rated*	Rs.5.30 Cr
Long Term Rating	SMERA B-/Stable (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA B-**' (read as **SMERA B minus**) on the Rs.5.30 crore (fund based) facilities of Fino Foods Private Limited (FFPL). The outlook is '**Stable**'.

Incorporated in 2015, FFPL, promoted by the Indore based Muchhal family (Madhya Pradesh) is engaged in the manufacturing and processing of dry pasta under the brand name 'Finosta'. The manufacturing facility located at Indore (Madhya Pradesh) has installed capacity of around 250 tons per month. FFPL commenced operations in November 2016.

List of key rating drivers and their detailed description

Strengths:

Proximity to raw materials: The manufacturing unit located at Indore, is in close proximity to wheat producers. Thus, the company benefits from lower cost of raw material and transportation.

Weaknesses:

Limited track record of operations: Due to the nascent stage of operations, achieving consistency in revenue and net cash accruals will remain a key rating sensitivity factor.

Intense market competition: The company faces intense competition from organised and unorganised players in the industry.

Analytical approach: SMERA has taken a standalone view of the business and financial risk profiles of the company.

Applicable Criteria

- Manufacturing Entities: <https://www.smerra.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

Outlook: Stable

SMERA believes that FFPL's outlook will remain stable owing to its healthy demand prospects. The outlook may be revised to 'Positive' if the company registers more than expected revenue and healthy cash inflows while achieving a healthy financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and net cash accruals leading to a below average financial risk profile, particularly liquidity.

About the Rated Entity

Incorporated in 2015, FFPL, promoted by the Indore-based Muchhal family (Madhya Pradesh) is engaged in the manufacturing and processing of dry pasta under the brand name 'Finosta'. FFPL started operations in November 2016.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	0.45	SMERA B- / Stable (Assigned)	-	-	-	-	-	-
Term Loan	Long Term	4.85	SMERA B- / Stable (Assigned)	-	-	-	-	-	-

*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	N.A	N.A	N.A	0.45	SMERA B- / Stable (Assigned)
Term Loan	N.A	N.A	31 Dec 2022	4.85	SMERA B- / Stable (Assigned)

Note on complexity levels of the rated instrument:

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

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ABOUT SMERA

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