

Press Release

SRI SAI CASHEWS

17 January, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

SMERA has assigned long-term rating of '**SMERA B**' (read as SMERA B) on the Rs. 6.00 crore bank facilities of SRI SAI CASHEWS (SSC). The outlook is '**Stable**'.

The Karnataka-based SSC, established in 2015 by Mr Prashant Poojary is engaged in the processing of cashew. The firm has installed capacity of 4 tpd and commenced commercial operations in August 2017.

Key Rating Drivers

Strengths

- **Experienced management**

The firm is led by Mr Prashant Poojary who has more than a decade of experience in the agro industry.

Weaknesses

- **Limited track record of operations:**

The commercial operations commenced from August 2017. The firm registered Rs. 1.00 crore till December end in FY2017-18 (Provisional).

- **Susceptibility of profitability margins to volatility in raw material prices and agro climatic risks:**

Since the main raw materials are agricultural products, the availability and pricing of the same depends upon various factors including monsoon, area under cultivation, domestic demand among other factors. The operating margins of SSC are susceptible to volatility in raw material prices (Cashew). Rise in prices are expected to affect operating margins.

- **Intense competition**

The firm is exposed to intense competition in the industry from several unorganised players which limits the bargaining power of the firm.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the firm.

Outlook: Stable

SMERA believes that SSC will maintain a Stable outlook over the medium term owing to the promoters extensive experience in the agro industry. The outlook may be revised to 'Positive' if the firm achieves more than envisaged sales and profitability. Conversely, the outlook may be revised to 'Negative' if it fails to achieve growth in revenue and the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY17 (Provisional)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.00	0.00	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0	0	0

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

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	30-Sep-2024	2.00	SMERA B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA B / Stable

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in
Abhishek Dey Analyst - Rating Operations Tel: 033-66201208	

abhishek.dey@smera.in

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