

Press Release

SHRI PALIWAL CATTLE FEED PRIVATE LIMITED

March 31, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.50 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. 6.50 crore bank facilities of SHRI PALIWAL CATTLE FEED PRIVATE LIMITED.

Shri Paliwal Cattle Feed Private Limited, a Rajasthan based company was incorporated in the year 2016 as a private limited entity by Paliwal family. The company however started its operations in the month of November 2016. It is mainly engaged in manufacturing of cattle feed.

Key Rating Drivers

Strengths

- Experienced Management**

The directors of the company Mr. Narendra Kumar Paliwal and Mr. Shanti Lal Paliwal are having experience of more than a decade in the same line of business. Before this company, the directors were involved in trading of cattle feed products.

Weaknesses

- Delays in debt servicing**

The company is availing term loan with an outstanding amount of Rs.4.13 crore. As informed by the banker there are delays in serving principal and interest repayments of the term loans. The company has been delaying regularly in repayment of principal and interest obligations and has delayed for the obligations of December 2017 as well.

- Below average financial risk profile**

The company is having below average financial risk profile marked by low networth, high gearing, average debt protection metrics. The networth stood at Rs.2.20 crore as on 31st March 2017 as against Rs.0.01 crore in the previous year. The gearing stood at 2.62 times as on 31st March 2017 as because the company has taken long term loan of Rs.4.70 crore and short term debt of Rs.0.91 crore. The interest coverage ratio stood at 3.46 times as on 31st March 2017. The NCA/TD ratio stood at 0.08 times in FY2017.

- Intense competition from large and established players**

SPCFPL is exposed to intense competition from organized and unorganized players operating in the similar industry, thus limiting its bargaining power.

Analytical Approach

SMERA has considered standalone financials of the company

Outlook:

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	3.91	0.00	0.00

SMERA Ratings Limited

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059

CIN: U74999MH2005PLC155683 | SEBI Permanent Registration No.: IN / CRA / 006 / 2011

EBITDA	Rs. Cr.	0.84	0.00	0.00
PAT	Rs. Cr.	0.03	0.00	0.00
EBITDA Margin	(%)	21.51	0.00	0.00
PAT Margin	(%)	0.73	0.00	0.00
ROCE	(%)	9.80	-123.75	0.00
Total Debt/Tangible Net Worth	Times	2.62	0.00	0.00
PBDIT/Interest	Times	3.46	0.00	0.00
Total Debt/PBDIT	Times	6.78	0.00	0.00
Gross Current Assets (Days)	Days	256	0	0

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

Not applicable

Any other information

Not applicable

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	2.00	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	4.13	SMERA D
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.37	SMERA D

Contacts

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ABOUT SMERA

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