

## Press Release

### Priyo Poultry Farm (PPF)

May 16, 2018



#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 4.90crore
<b>Long Term Rating</b>	SMERA B/ Stable (Assigned)

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long term rating of '**SMERA B** (read as SMERA B)' to Rs.4.90 crore bank facilities of Priyo Poultry Farm (PPF). The outlook is '**Stable**'.

Priyo Poultry Farm, located in Hooghly (West Bengal) has been established in 2018 as a proprietorship firm by Mr. Kamal Saha. The firm is setting up a poultry farming unit with a capacity of rearing and brooding of 70000 birds. The total project cost excluding the cost of land stood at Rs.6.96 crore to be funded from term loan of Rs.4.53 crore and Partner's contribution of Rs.2.43 crore.

#### Key Rating Drivers

##### Strengths

- **Experienced management and integrated business model**

Mr. Kamal Saha has experience in diversified line of operations. The firm has adopted an integrated business model which will enable it to earn higher margins in future.

##### Weaknesses

- **Exposure to outbreaks of bird flu and other diseases**

Bird flu and other diseases are critical risks in the poultry business, which can affect the demand and cause prolonged impact on prices. The firm should take precautions by providing medicines/scheduled vaccines at their farms to mitigate the risk.

- **Project implementation risk**

The firm is currently undertaking a poultry farming project with the installed capacity of rearing and brooding of 70000 birds. The total project cost excluding the cost of land stood at Rs.6.96 crore for which firm has taken term loan of Rs.4.53 crore and Partner's contribution of Rs.2.43 crores. The loans are proposed and yet to be sanctioned in the bank thus exposing the firm to significant funding risk. The major customers of the firm will be local egg dealers and wholesalers. The procurement of chicks will be done from a hatchery located in Burdwan (West Bengal). Going forward, timely completion of the project at the envisaged cost would remain a key rating sensitivity.

#### **Analytical Approach:**

SMERA has considered the standalone business and financial risk profiles of Priyo Poultry Farm (PPF) to arrive at this rating.

#### **Outlook: Stable**

SMERA believes that PPF will continue to maintain a 'Stable' business risk profile over the medium term owing to the integrated business model. The outlook may be revised to 'Positive' in case of timely completion of the project without cost overruns. Conversely, the outlook may be revised to 'Negative' in case of inordinate project delays.

#### **About the Rated Entity - Key Financials:** Not Applicable

**Any other information:** Not Applicable

**Applicable Criteria**

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Trading Entities - <https://www.smerra.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

**Note on complexity levels of the rated instrument**

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

**Status of non-cooperation with previous CRA (if applicable):** None

**Rating History for the last three years:** Not Applicable

**\*Annexure abDetails of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.37	SMERA B/Stable (Assigned)
Term Loan	Not Applicable	Not Applicable	Not Applicable	4.53	SMERA B/Stable (Assigned)

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