

Press Release

Srusti Agro Farms Private Limited

August 24, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 7.10 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B** (read as ACUITE B) on the Rs. 7.10 crore bank facilities of Srusti Agro Farms Private Limited. The outlook is '**Stable**'.

Mahulpunji based, Srusti Agro Farms Private Limited (SAFPL) was incorporated in 2016 and is promoted by Mrs. Mamta Puhan and Mr. Nirakar Puhan among others. The firm will engage in production of eggs with a capacity of 99000 eggs per day.

Key Rating Drivers

Strengths

- **Proximity to raw materials**

SAFPL has locational advantages in terms of procurement of raw material. Raw materials include chicken feed and will be procured from the city of Bhuvaneshwar which is 60 kms away from Mahulpunji village.

Weaknesses

- **Susceptibility of the industry to outbreaks of bird flu and other such communicable diseases**

Bird flu and other diseases are critical risks in poultry business, which can affect demand and impact the prices. However, SAFPL will be taking precautions by providing scheduled treatments at their farms to mitigate the risk.

- **Project Implementation Risk**

Since operations are expected to commence April 2019, the firm is exposed to project implementation and off take risk. The current phase involves civil construction which will be financed partly through partner's funds and term loan. The total cost of the project is Rs.8.98 crores which will include promoter's contribution of around Rs.2.48 crore and term loan of Rs.6.5 crore. Presently, around Rs.0.33 crores of partners fund have been utilised. The term loan has been sanctioned and is yet to be fully disbursed.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Srusti Agro Farms Private Limited to arrive at the rating.

Outlook: Stable

Acuité believes that the outlook on Srusti Agro Farms Private Limited will remain stable over the medium term backed by its proximity to key raw materials. The outlook maybe revised to 'Positive' in case of timely completion of the project. Conversely, the outlook maybe revised to 'Negative' in case of inordinate project delays.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.02	0.01	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	5.60	-28.38	0.00
PAT Margin	(%)	3.93	-28.89	0.00
ROCE	(%)	0.85	-79.00	0.00
Total Debt/Tangible Net Worth	Times	21.05	0.00	0.00
PBDIT/Interest	Times	13.88	-55.20	0.00
Total Debt/PBDIT	Times	214.43	0.00	0.00
Gross Current Assets (Days)	Days	3529	275	0

Any other information

Not Available

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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
Term loans	Not Applicable	Not Applicable	Not Applicable	6.50	ACUITE B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.60	ACUITE B / Stable

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About Acuité Ratings & Research:

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