

Press Release

Sristi Ventures

D-U-N-S® Number: 86-044-0430

January 04, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.00 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 plus**) to the Rs. 8.00 crore bank facilities of Sristi Ventures (SV). The outlook is '**Stable**'.

SV is a partnership firm established in 2016 by Mr. Bhoopathy Shetty, Mr. Shashi Nayak and family. The firm is established to manufacture ecowalls (prefabricated structural wall panels) used for construction of buildings. The manufacturing facility is located at Udupi (Karnataka) with an installed capacity of 2500 sq.mt. per shift per day.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Sristi Ventures to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

The Managing Partner, Mr. Shashi Nayak possesses more than two decades of experience in the construction industry. He is supported by other partners who possess vast experience in finance, marketing and project management, among others. The firm is setting up a unit to manufacture prefabricated structural wall panels which are a niche product in Indian market. The firm started implementation of the project in April 2018 and around 80 percent of the work has been completed; the firm expects the project to be ready for commercial operations by April 2019. Acuité believes that the firm will benefit from the promoters' experience in the industry and the potential for the product, though new and at nascent stage.

Weaknesses

- **Debt funded capital expenditure**

The firm is setting up a manufacturing unit in Udupi at a total project cost of Rs.13.91 crore; proposed to be funded through promoters' equity of Rs.4.41 crore and bank loan of Rs.9.50 crore (term loan of Rs.8.00 crore and working capital loan of Rs.1.50 crore). The project is expected to be completed by March 2019 and commercial operations would begin by April 2019. The promoters have brought in their share, and the term loan has been disbursed. Though the project is completed to a major extent, any significant delay in stabilisation of operations, or less-than-the expected off-take or revenues are expected to constrain the business and financial risk profile over the near to medium term.

Outlook: Stable

Acuité believes that the outlook on SV will remain 'Stable' over the medium term on account of the experience of the promoters. The outlook may be revised to 'Positive' in case of successful completion of the project in a stipulated time and registers higher than expected cash accruals. Conversely, the outlook may be revised to 'Negative' in case of any further cost or time overrun in completion of the project leading to deterioration of its liquidity.

About the Rated Entity - Key Financials

Not Applicable as the commercial operations are yet to begin.

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

None

Any other information

None

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 I	Not Applicable	Not Applicable	Not Applicable	5.71	ACUITE B+ / Stable
Term loans II	Not Applicable	Not Applicable	Not Applicable	2.29	ACUITE B+ / Stable

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About Acuité Ratings & Research:

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