



Rating Rationale

Sree Durga Cashew Factory

17th February 2017

Brickwork Ratings assigns BWR BB/A4+ for the Bank Loan Facilities of Rs. 29.00 Crores of Sree Durga Cashew Factory

Particulars

Facility Rated	Amount [#] (Rs. Crs)	Tenure	Rating*
Fund Based	8.00	Long Term	BWR BB (Outlook: Stable)
	21.00	Short Term	BWR A4+
Total	Rs. 29.00 Crores (INR Twenty Nine Crores Only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

[#]Annexure I provides bank-wise details of facilities

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating assigned for the bank facilities of *Sree Durga Cashew Factory (SDCF)* factors the extensive experience of the partners in the cashew industry, established operational track record and locational advantages of being in a cashew cluster. The ratings, however, are constrained by the thin profitability, vulnerability to volatility in cashew prices, intense competition in the cashew nut processing and export industry, exposure to foreign exchange fluctuations and working capital intensive nature of business. Going forward, the company's ability to improve its scale of operations, strengthen its capital structure and manage its working capital efficiently will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes **Sree Durga Cashew Factory's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Concern

Sree Durga Cashew Factory (SDCF) was established in 1996 at Puthoor, Kollam District, Kerala. SDCF was initially established as a proprietorship concern and was subsequently reconstituted as a partnership Firm in 2015. SDCF has five factories at Iverkala, Pathanapuram, Kunnathoor East, Mavady and Puthoor. SDCF is involved in processing of raw cashew nuts manually and sells cashew kernels of different grades. SDCF processes around 40 tonnes per day and has storage capacity of more than 5000 tonnes of cashews.

The firm imports raw cashews from the traders who are located in Ivory Coast, Benin, Tanzania, Guinea Bissau, Indonesia, Ghana etc and exports processed cashew kernels to Ivory Coast, Guinea Bissau, Ghana, USA, UK and Middle East.

Ms. M. Indira Bhai, Mr Pradeep. D. Nair and Ms Praveena. I. R are the partners of SDCF.

Financial Performance

SDCF reported Net Sales of Rs. 98.72 Crs and PAT of Rs 0.40 Crs in FY 16 as against Net Sales of Rs. 96.82 Crs and PAT of Rs. 1.14 Crs in FY 15. On a provisional basis, SDCF reported net sales of Rs. 90 Crs for 10MFY 17.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Facility	Current Rating			Rating History		
		Type	Amount (Rs. Crs.)	Rating	2016	2015	2014
1	Fund Based	Long Term	8.00	BWR BB (Outlook: Stable)	Not Rated	Not Rated	Not Rated
2		Short Term	21.00	BWR A4+	Not Rated	Not Rated	Not Rated

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)



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Sree Durga Cashew Factory

Bank Facilities

Annexure I

Facility	Tenure	Rated Amount
Cash Credit	Long Term	2.00
Proposed Term Loan		6.00
Packing Credit	Short Term	21.00
Total -Fund Based (FB)		29.00

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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