



Rating Rationale

Chakra Poultry Farms Private Limited

24 Jan 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹.5.86 Crores of Chakra Poultry Farms Private Limited.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Nov, 2017)	Present
Fund based	6.35	5.86	Long Term	BWR C	BWR B- (BWR Single B Minus) Outlook:Stable Upgraded
Total	6.35	5.86	(INR Five Crores and Eighty Six Lakhs Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-1

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The upgraded rating takes into account the experience of the promoter, marginally increased revenues and improved operating profit margin. However the rating is constrained by small scale of operations, low networth, high gearing, negative net profit margin, exposed to health risk and volatility in egg prices.

Going forward, the ability of Company to effectively manage its working capital, increase scale of operations and profits and improve its capital structure and prompt servicing of debt obligations are the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths: one** Promoter has more than a decade of experience, revenues improved to Rs.13.31 Crs in FY17 as against 11.60 Crs in FY16 and operating profit margin is improved to 8.50% in FY17 from 0.14% in FY16.



- **Credit Risks:** As on 31/03/2017 net worth stood at Rs.0.75 Crs, Debt/Equity is 7.94 times, and negative net profit margin of 1.17%.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Chakra Poultry Farms Pvt Ltd** 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 Company

Chakra Poultry Farms Private Limited (CPFPL) incorporated on 31/01/195 located at Namakkal, Tamil Nadu. Mr.Periyasamy Ashok Kumar and his wife Mrs. Revathi are the Present directors of the Company. The company is engaged in the business of commercial layer poultry farming. The company operates through its unit located at Namakkal, Tamil Nadu (capacity of 125000 layers) and is involved in sales of table eggs(1.20 lakh eggs per day)

Company Financial Performance

As per Audited financials of FY17, Company had registered net loss Rs.0.16 Crs and OPBDIT Rs.1.13 Crs on a total operating income of Rs.13.31 Crs as against a net loss of Rs.0.40 crore and OPBDIT Rs.0.02 Crore on a total operating income of Rs.11.60 Crs in FY16. As on 31st March 2017 Company's tangible net-worth stood at Rs. 0.75 Crore , Debt/Equity 7.93 times, operating profit margin, net profit margins recorded at 8.50 %, -1.17 % respectively and Current ratio stood at 1.06 times for FY17.

Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	03-11-2016	2015
	Fund Based	Long Term	5.86	BWR B- (BWR Single B Minus) (Outlook:Stable)	Not Rated	BWR C	Not Rated



	Total	5.86	₹ Five Crores and Eighty Six Lakhs Only
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Status of non-cooperation with previous CRA (if applicable)-Reason and comments: Nil
 Any other information: NA

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Crs	13.31	11.60
EBITDA	₹ Crs	1.13	0.02
PAT	₹ Crs	-0.16	-0.40
Tangible Net worth	₹ Crs	0.75	0.90
Total Debt/Tangible Net worth	Times	7.94	5.50
Current Ratio	Times	1.06	1.00

Annexure-I
Details of Bank Facilities

₹ Crores

Name of the Bank	Name of Facility	Tenure	Previous Limits (Nov, 2016)	Present Limits
Tamilnad Mercantile Bank Limited	Cash Credit Term Loan	Long Term	4.50	4.50
			1.85	1.36
Total			6.35	5.86

Hyperlink/Reference to applicable Criteria



DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.