

Rating Rationale

Brickwork Ratings assigns the long term rating of 'BWR C' for the Bank Loan Facilities aggregating ₹6.35 Cr of M/s Chakra Poultry Farms Private Limited

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan facilities of M/s Chakra Poultry Farms Private Limited (or “the Company”)

Facility Fund Based	Limits (₹ Cr)	Tenure	Rating
Cash Credit	4.50	Long Term	BWR C
Term Loan	1.85		
Total	6.35	INR Six Crores and Thirty Five Only	

BWR has essentially relied upon the Audited financials (upto FY2015) and publicly available information and the information/clarifications provided by the Company.

The assigned ratings take into account of the prior experience of promoters and established track record of operations of the firm in the poultry segment. The rating however, is constrained by the small scale of operations of the Company, low profitability indicators, low net-worth, high gearing, weak capital structure & weak debt coverage indicators, highly fragmented & competitive nature of the industry with large number of unorganized players, vulnerability of poultry segment to outbreaks of bird flu & other diseases.

Background:

Chakra Poultry farms private limited was incorporated on 31/01/1995 and located at Indira Nagar, Mohanur road, Namakkal dist. (Tamilnadu). Company is promoted by Mr. Smuthusamy, Mr. Kalimuthu Maran, Mr. Muthusamy Prakash, Mr. Kulandaivelu Ravi Kumar are the directors of the company. Eggs. The Company has total capacity of 1, 40,000 commercial layers and it has 1.40 lakh hens at its farms in Namakkal, Tamilnadu. CPFPL sells around 1.20 lakh eggs per day and the sale of eggs contribute to 99% of total sales in fy15 around 90% of sales are made to Tamilnadu and the rest are sold to the regions around Namakkal, Tamilnadu.

Financial Performance:

In FY15 (refers to the period April 1 to March 31), Company has achieved a total operating income (TOI) of Rs.9.50 crore with PBILDT and PAT of Rs.(0.24) crore and Rs.(0.43) crore as against total operating income (TOI) of Rs.10.01 crore with PBILDT and PAT of Rs.0.26 crore and Rs.(0.07) crore in FY14.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Key Credit Concerns

Going forward, ability of the company to increase the scale of operations, generate sufficient cash accruals to meet the interest and principal repayment obligations, improve financial profile and managing working capital requirements, will key rating sensitivities.

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