

Rating Rationale

Shabari Farms

16th May 2017

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of Rs. 5.30 Crores of Shabari Farms ('The Firm) as follows:

Particulars

Facility Rated Fund Based	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present [#]		Previous	Present
Term Loan	4.64	3.05	Long Term	BWR B (BWR single B)	BWR B- (BWR single B minus) (Downgraded)
Cash Credit	2.25	2.25			
Total	6.89	5.30	INR Five Crores and Thirty Lakhs Only		

[^] Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Note: The rating assigned is without getting Banker's feedback on conduct of account and also about sanction/renewal date of WC limits.

Ratings Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, provisionals for FY17, publicly available information and information/clarifications provided by the Firm's management.

The ratings factors inter alia, partners experience in the poultry business and established operations of the firm, long standing relationship with customers and suppliers and locational advantage. However, the rating is constrained by, small scale of operations, reduced operating profitability margin, low networth, negative debt coverage ratio, high gearing profile, elongated operating cycle, highly fragmented & competitive nature of the industry



Rating Outlook: Stable

BWR believes that **Shabari Farms** 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 Firm

M/s Shabari Farm is a partnership firm established in the year 2013 by the promoter Mr. R.Kalimani. Shabari Farm has its office and farm located in Namakkal, Tamilnadu.

The firm is engaged in egg poultry farming, The firm has 125000 Chicks in its poultry farm unit. Firm spreads across 7 acres, The firm has total output capacity of the poultry farm is about 25 Lakh eggs per day. The firm generates about 90% of its revenue from sale of eggs and 10% from others, viz Poultry Manure, Chick sales, and old gunny bags.

Management

The firm is managed by Mr.R.Kalaimani is the Managing Partner of the firm, Ms. G. Geethalakshmi, Mr. S.Pushpathirajan and Mr. S.Venugopal are involved in the management of day-to-day operations of the firm. The firm is a family business with members of the same family as partners.

Financial Performance

As per FY16 audited financials, The Firm's sales have increased by 3.16 % from Rs.9.18 Crores as of FY15 to Rs.9.48 Crores in FY16. The PAT was reported at nill in FY16. The operating profit and net profit margin reported 13.05 % & 0.02% in FY16. As per the provisionals for FY17 the firm has reported sales of Rs. 10.81 Crs and PAT of Rs.0.02 Crs.

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

Sl. No.	Facility	Current Rating (Year 2017)			Rating History	Rating History	Rating History
		Type	Amount (Rs Crs)	Rating	May 2016	2015	2014
1	Fund Based	Long Term	5.30	BWR B- (Downgraded)	BWR B	Not rated	Not rated



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Food Processing Sector](#)

Analysts	Media
S Venkatesh Chief General Manager- Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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.

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.