

Rating Rationale

Brickwork Ratings assigns ‘BWR B+’ for the Bank Loan Facilities aggregating ₹ 24.41 Cr of Shree Vinayaka Export

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of Shree Vinayaka Exports (**SVE or “the Firm”**):

Facility	Limits (₹ Cr)	Tenure	Ratings
Term Loan *	9.41	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable
Overdraft Go down Pledge (ODGP)	11.70		
Secured Overdraft Hypothecation (SODH)	3.30		
Total	24.41	INR Twenty Four Crores and Forty One Lakhs Only	

*Outstanding amount

BWR has principally relied upon the audited financial results of the firm upto FY15, publicly available information and information/clarifications provided by the firm.

The rating draws strength from the experience of the partners in cashew trading and processing business and demand potential for the products. The ratings are constrained by the small scale of operations, volatility in price of raw materials and finished goods, working capital intensive nature of business and intense industry competition.

Background

Shree Vinayaka Exports (SVE) was initially incorporated in 1977 as a partnership firm, Shree Vinayaka Industries, by Mr. H. Ramana Nayak and reconstituted as a proprietorship concern, Shree Vinayaka Cashew Exports, in 1999. With effect from November 2013, the firm has been named Shree Vinayaka Exports. In January 2014, Mr. H. Sudheer Nayak and his family purchased the proprietorship firm on a slump sale basis and reconstituted it as a partnership firm. The firm’s manufacturing unit and registered office are located at Hebri, Udipi, Karnataka. The firm is involved in processing of raw cashew nuts, cashew kernels and trading in cashew and its by products such as Cashew Husk, Cashew Shell, Cashew Nut Shell Liquid etc.

The firm has an installed capacity to process 12 MTs of cashew nuts per day. The firm imports raw cashews from the traders who are located in Singapore, Dubai, Mangalore, Hongkong etc., and processes them at their manufacturing facility. The Firm exports ~10% of cashews through agents and the balance is sold in the domestic market.

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

Management Details

SVE is a family owned business and the promoters are Mr. H. Sudheer Nayak, Mr H Panduranga Nayak, Mr.Karthik Nayak, Mrs.H. Sulakshana Nayak and Mr. Sathya Nayak. Mr. H.Sudheer Nayak has over three decades of experience in the cashew processing business.

Financial Performance

SVE reported net sales of Rs 43.10 Cr and EBITDA of Rs 3.44 Cr in FY 15 as against net sales of Rs. 5.88 Cr and EBITDA of Rs 0.17 Cr in FY 14 (3 months operation as Shree Vinayaka Exports) However, the firm posted net loss of Rs 0.44 Cr in FY15 as against net loss of Rs 0.46 Cr in FY14 Tangible Net Worth stood at Rs. 4.65 Cr as on March 31, 2015.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the ability of the firm to increase its scale of operations profitably, improve its financial profile and manage its working capital efficiently would be the key rating sensitivities.

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