



Press Release

Siva Foods Impex Private Limited

September 14, 2021

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	25.25	IVR BB+/ Stable (IVR DoubleB Pluswith Stable Outlook)	Assigned
Short Term Bank Facilities	3.00	IVR A4+ (IVR A Four Plus)	Assigned
Total	28.25		

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Siva Foods Impex Private Limited (SFIPL) derive comfort from the long standing experience of its promoters and moderate order book. These strengths are however partially offset by its average financial risk profile, working capital intensive operations and susceptibility of margins to fluctuation in raw material prices and forex rates.

Key Rating Sensitivities:

Upward Factors

- Sustained growth in scale of operations while maintaining profitability
- Improvement in capital structure and debt protection metrics

Downward Factors

- Deterioration in scale of operations and/or profitability
- Any large debt funded capital expenditure and/or further elongation of the working capital cycle leading to deterioration in the financial risk profile



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters

Mr. Sivakumar, Managing Director of SFIPL has over 15 years of experience in the cashew processing industry. Long standing presence in the industry has helped him establish healthy relationship with both customers and suppliers.

Moderate order book

SFIPL has an outstanding order book of ~Rs.44crore which is expected to be executed with in the next 6 months. Also, the company has established relationship with customers both in India as well as in the international market which helps in getting orders on an ongoing basis. Presence of a moderate order book imparts comfort and indicates revenue visibility for the company.

Key Rating Weaknesses

Average financial risk profile

SFIPL has an average financial risk profile marked by overall gearing of 3.80x and TOL/TNW of 3.97x as on March 31, 2021. The TOL/TNW ratio though stood at 3.97x as on March 31, 2021 has showed sustained improvement in the three years through FY21 on the back of infusion of equity capital to the tune of Rs.2.1crore in FY20. The debt protection metrics remained modest marked by interest coverage of 1.78x in FY21.

Working capital intensive operations

The operations of the Company are working capital intensive as reflected in Operating Cycle of 168 days as on March 31, 2021. Further, the operating cycle has registered sustained increase in the three years through FY21 on the back of an increase in inventory days. The Company imports around 80% of its requirement of Raw Cashew Nut (RCN) thereby resulting in high inventory holding.



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Susceptibility of margins to fluctuation in raw material prices and forex rates

RCN is the primary raw material sourced by the Company, the price of which is highly volatile in nature, being an agro commodity. This exposes the profitability of the Company to any change in raw material prices. Further, SFIPL imports a significant portion of its raw material requirement from Indonesia, Ghana and other African countries as well as exports processed cashew to countries such as Malaysia, Singapore, Japan, Saudi Arabia among others. In the absence of any hedging policy, the profitability of the company remains susceptible to fluctuation in forex rates.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity – Stretched

SFIPL has working capital intensive operations as reflected in operating cycle of 168 days as on March 31, 2021. The fund based working capital limits of the company remained highly utilized marked by average utilization of 89% in the twelve months through July 2021. The Company also availed of a GECL facility of Rs.4.77 crore and Covid emergency loan of Rs.0.50 crore in FY21 to mitigate its short-term liquidity requirement. However, liquidity of the Company is supported by financial support from promoters in the form of unsecured loans.

About the Company

Siva Foods Impex Private Limited (SFIPL) was initially set up as a partnership firm, Siva Traders in 2005. The firm was reconstituted as a private limited company with the current name in 2014. SFIPL processes Raw Cashew Nuts (RCN) at its facility located at Udayarpalyam, Tamil Nadu. The cashew nuts are sold under the brand name 'Siva Cashews'.



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Financials (Standalone):

(Rs.cr)

For the year ended / As on	31-3-2020	31-3-2021
	Audited	Prov.
Total Operating Income	100.16	102.58
EBITDA	4.50	4.58
PAT	1.00	1.09
Total Debt	40.69	45.77
Tangible Net worth	10.96	12.05
EBITDA Margin (%)	4.49	4.46
PAT Margin (%)	1.00	1.06
Overall gearing (x)	3.71	3.80

Status of non-cooperation with previous CRA: CRISIL Rating has maintained the rating of SFIPL in the issuer non-cooperating category vide their press release dated August 19, 2020 due to unavailability of information

Any other information:

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Fund Based Limits – Cash Credit	Long Term	20.00	IVR BB+/Stable	-	-	-
2.	Long Term Fund Based Limits – Guaranteed Emergency Credit Line	Long Term	4.75	IVR BB+/Stable	-	-	-
3.	Long Term Fund Based Limits – Covid Loan	Long Term	0.50	IVR BB+/Stable	-	-	-



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
4.	Short Term Fund Based Limits – Packing Credit	Short Term	3.00	IVR A4+	-	-	-

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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Annexure I: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Limits – Cash Credit	-	-	-	20.00	IVR BB+/Stable
Long Term Fund Based Limits – Guaranteed Emergency Credit Line	-	-	-	4.75	IVR BB+/Stable
Long Term Fund Based Limits – Covid Loan	-	-	-	0.50	IVR BB+/Stable
Short Term Fund Based Limits – Packing Credit	-	-	-	3.00	IVR A4+

Annexure II: List of companies considered for consolidated analysis: Not Applicable.

Annexure III: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Lender-SFIPL-14-09-21.pdf>

Annexure IV: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure V: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Cash credit	Simple
2.	GECL	Simple
3.	Covid Loan	Simple
4.	Packing Credit	Simple

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com