



RATING RATIONALE

11 Nov 2019

Adie Broswon Breweries Pvt. Ltd.

Brickwork Ratings reaffirms the ratings for the Bank Loan Facility of ₹ 28.22 of Adie Broswon Breweries Pvt. Ltd.

Particulars :

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (April, 2018)	Present
Fund based	68.01	21.22	Long Term	BWR BB (Stable)	BWR BB (Stable) Reaffirmation
Non Fund based	7.00	7.00	Short Term	BWR A4+	BWR A4+ Reaffirmation
Total	75.01	28.22	INR Twenty Eight Crores and Twenty Two Lakh Only.		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities in Annexure-I

RATING ACTION / OUTLOOK

Brickwork rating reaffirms the rating at BWR BB for long term with Stable Outlook and short term rating at BWR A4+.

The rating continues to draw strength from the experienced promoters and support from the group companies.



The outlook is Stable as the company has been able to maintain the growth of its topline. As advised by the company they have achieved a turnover of Rs 60.12 Cr (excluding excise duty) till Aug, 2019.

KEY RATING DRIVERS

BWR principally relied upon audited financials upto FY19, projections upto FY21, publicly available information and information/clarification provided by the management.

Key Strengths :

- **Experienced Promoters** : Promoters of the company has more than a decade of experience in the same line of business.
- **Improved Turnover** : Total operating income (TOI) has improved from Rs 61.13 Cr in FY18 to Rs 68.98 Cr in FY19. As advised by the company they have achieved a turnover of Rs 60.12 Cr till Aug, 2019.
- **Moderate ISCR** : ISCR is moderate at 2.89X in FY19 against 2.49X in FY18.

Key Risk :

- **Leverage position** : Gearing (Total Debt/Net Worth) of the company is very high, However considering the unsecured loans as quasi equity, analyzed gearing (total debt/TNW Analyzed) would be 2.18X in FY19 against 2.55X in FY18.
- **Profit margins** : Net profit margins of the company has reduced from 4.01% in FY18 to 2.76% in FY19 and operating profit margin has declined from 24.80% in FY18 to 18.74% in FY19.
- **Current Ratio** : The company has weak current ratio of 0.64X only signify the liquidity constraint to meet its current liabilities from current assets.
- **High gross current Assets** : Gross current assets days (receivable days+inventory days) are high of 374 days due to high receivables of 247 days and inventory days of 127 days.
- **Uncertain Regulatory environment** : Distillery business has inherent risk of factors like social and government interference, bans, politics, etc. on consumption of alcohol.



ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the company's ability to maintain the capital structure, improve cash accruals would be key sensitivities over short to medium term.

Positive: The rating outlook may be revised to positive and the rating may be upgraded if the company is able to improve cash accruals, current ratio and leverage level, besides achieve its projections.

Negative: The rating may be downgraded if the company achieves lower revenue than projected financials.

LIQUIDITY POSITION (Stretched)

Company has cash accruals (PAT+Dep) of Rs 8.20 in FY19 while CPLTD is Rs 14.82 Cr which need to be repaid in FY20. It has cash & cash equivalent of Rs 1.27 Cr in FY19. It has a weak current ratio of 0.64X in FY19. The company has been able to meet its debt obligations due to support from group companies which have lent a sum of Rs 83.77 Cr to the company by way of long term and short term unsecured loans and advances.

COMPANY PROFILE

Adie Broswon Breweries Private Limited (ABBPL) has been incorporated in March, 2010 for setting up a brewery. The company is a part of the Late Mr. Hardeep Chadha Group. This setup includes both bottling and canning lines as well. The commercial production was started in May 2012. The company has its own brand 'Rockberg' and also tied up with other established companies as part of contract manufacturing.



KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Total Operating Income	Crs	61.13	68.98
OPBDIT	Crs	15.16	12.93
PAT	Crs	2.45	1.90
Tangible Net Worth(Analyzed)*	Crs	34.34	38.46
Total Debt/TNW(Analyzed)	Times	2.55	2.18
Current Ratio	Times	0.63	0.64

*Unsecured loans are considered as quasi equity

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY: ICRA moved the rating to Issuer Non Cooperation Category on 30 Oct 2019.

RATING HISTORY

Instrument / Facilities	Current Rating			Rating History			
	Tenure	Amount (₹ Cr)	Rating	July, 2019	April, 2018	Feb, 2017	2016
Fund based	Long Term	21.22	BWR BB (Stable) Reaffirmation	Rating Not Reviewed	BWR BB (Stable)	BWR BB- (Stable)	NA
Non Fund based	Short Term	7.00	BWR A4+ Reaffirmation		BWR A4+	BWR A4	
Total		28.22	INR Twenty Eight Crores and Twenty Two Lakh Only.				

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf
Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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Adie Broswon Breweries Pvt. Ltd.

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1.	Allahabad Bank	Working Capital(CC)	9.00	-	9.00
		Term Loan	12.22	-	12.22
		BG/LC	-	7.00	7.00
TOTAL					28.22

Total INR Twenty Eight Crores and Twenty Two Lakh Only.



For print and digital media

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DISCLAIMER

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