

## Rating Rationale

### Brickwork Ratings reaffirms ‘BWR BB-’ for the Bank Loan Facilities of ₹ 43.32 Cr of Amrapali Biotech India Pvt. Ltd.

Brickwork Ratings (BWR) has reaffirmed the following **Rating<sup>1</sup>** for the Bank Loan Facilities of Amrapali Biotech India Pvt Ltd (*ABIPL* or “the Company”).

Facility	Present Amount (₹ Cr)	Previous Amount (₹ Cr)	Tenure	Rating
Term Loan O/S	20.82	24.83	Long Term	<b>BWR BB-</b> (Pronounced as BWR Double B Minus) <b>Outlook: Stable</b> (Reaffirmed)
Cash Credit	22.50	22.50		
<b>Total</b>	<b>43.32</b>	<b>47.33</b>	<b>INR Forty Three Crores and Thirty Two Lakhs only</b>	

BWR has principally relied upon the audited financial results up to FY14, projected financials up to FY 16, publicly available information and information/clarifications provided by the Company.

The rating has factored, inter alia, reputation of the promoter group, and support in the form of Corporate Guarantee from Group Company, strong distribution network of the Company, healthy EBITDA margins and fresh equity infusion expected to happen by March 2015. The rating, however, is constrained by relatively small scale of operations on account of delayed commissioning of Buxar Plant, low capacity utilization, modest financial profile marked by low tangible net worth, high gearing and weak debt protection indicators and elongated working capital cycle due to seasonal nature of procurement for the agro commodities, which are the raw materials for this Company.

### Background

Amrapali Biotech India Pvt Ltd was established in Ghaziabad as a private limited company in Sep 2007. ABIPL is an associate Company of the Amrapali Group of Delhi. The Company is majorly into the business of manufacturing of FMCG products such as corn flakes, jams, pickles, sauces and vinegar, under the brand name: “Mums”. The products are sold via a distribution network of Super Stockists and Dealers across the country. The Company caters to both types of customers – Organized Retail Chains and Normal Wholesalers and Traders. Organized Retail Chains contribute 30% to the total revenue of the Company.

ABIPL has its manufacturing unit at Rajgir, Bihar with an installed capacity to manufacture 12045 tons/annum. It also started a new plant at Buxar, Bihar in January 2014 with an installed capacity of 3422.40 tons/month to manufacture Corn Flakes and Grits. However, some more machinery are yet to be installed, which is likely to be completed by end of December’14.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The promoter group ‘Amrapali’ was founded by Mr. Madan Mohan Sharma in 1990. The Group is a well-known real estate group based in Delhi and has executed many high quality residential and commercial projects in Delhi, NCR and other North Indian locations.

### Ownership and Management

As of March 31, 2014, Ultra Homes Construction Pvt Ltd held 66.00% stake in the Company, followed by Rinku Computech Pvt Ltd (31.92%).The Directors Smt. Sunita Kumari and Smt. Seema Kumari held 2%.

Smt. Sunita Kumari, one of the founders of the Company is M.A. by qualification and has experience of more than 5 years in the field of FMCG Industry. Smt. Seema Kumari is a B.A. Graduate by qualification and has experience of more than 5 years in FMCG Industry. She is responsible for purchase and quality department of the project and has an expertise in handling of labor works.

Mr. Sanjeev Kumar Singh is the Chief Executive Officer at Amrapali Biotech India Pvt. Ltd. He holds a post-graduate degree in Chemistry, and has over 19 years of diversified experience. He is with Amrapali Biotech India Pvt Ltd since 5 years, and prior to that worked in Velvet International and Dabur India Ltd. Though all the directors are taking active participation in day to day activities of the company, the overall guidance and vision comes from Mr. Anil Sharma, Chairman and Managing Director of Amrapali Group.

### Financial Performance

ABIPL reported a Net Revenue of Rs. 22.39 Cr in FY14, increased from Rs. 10.24 Cr in FY13. The EBITDA Margin was 15.84 Cr and the company reported Net Losses of Rs. 2.81 Cr in FY14. The adjusted Tangible Net Worth (after adjusting for unsecured loans from promoters) stood at Rs. 22.88 Cr with an Overall Gearing of 2.18 times as on March 31, 2014.

### Rating Outlook

The outlook is expected to remain stable over the next twelve months. Going forward the ability of the company to improve its scale of operations and capacity utilization, increase profitability, manage working capital to ensure adequate liquidity and improve capital structure of the company shall remain the key rating monitorables.

Analyst Contact	Relationship Contact
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
Phone	Media Contact
1-860-425-2742	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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