

Press Release

Brickwork Ratings assigns ‘BWR BB-’ with Stable outlook for the Bank Loan Facilities of ₹ 47.33 Cr of Amrapali Biotech India Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating¹** for the Bank Loan Facilities of ₹ 47.33 Cr of Amrapali Biotech India Pvt Ltd (“the Company”).

Facility	Bank Name	Amount (₹ Cr)	Tenure	Rating
Term Loan 1	Oriental Bank of Commerce	4.83	Long Term	BWR BB- (BWR Double B Minus) (Outlook: Stable)
Term Loan 2		20.00		
Cash Credit		22.50		
Total Rated Limits		47.33	INR Forty Seven Crores Thirty Three Lakhs only	

The rating has factored, inter alia, reputation of the promoter group, and support in the form of Corporate Guarantee from Group Company, progress made in project implementation (operations at Buxar unit expected to begin operations over the next 2 months), entitlement to Govt. Subsidy for the project funding and low gearing of the Company due to good net worth. The rating, however, is constrained by relatively small scale of operations, as reflected in their current turnover and low profitability margins. The Company has stretched working capital cycle due to high inventory levels owing to seasonal procurement of raw materials (agri-based).

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’. As of March 31, 2013, Corn flakes constituted approximately 25% of their total sales. With the setting up of Corn manufacturing and processing units at Buxar, Company expects to increase this share of Cornflakes in the total product portfolio to 65% by the end of 2014.

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. Over the last three years (upto FY12), their flagship company Ultra Home Constructions Pvt Ltd., had an average annual turnover of ₹ 946 crores, with Net Worth exceeding ₹ 1000 crores.

¹ Please refer to BWR website www.brickworkratings.com/ for definition of the Rating

As of March 31, 2013, 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%.

The Company's revenue from operations increased from ₹ 4.29 Crores in FY11 to ₹ 7.18 Crores in FY 12. However, the Profit after tax increased was flat at ₹ 0.03 Crores in FY12. The Company's EBITDA and EBIT margins stood at 7.5% and 5.9% respectively in FY12. The Company's tangible net worth stood at ₹ 14.07 Crores and total borrowings were at ₹ 7.98 Crores in FY12, hence, gearing was low at 0.60 times. As reflected in the high inventory of the Company at ₹ 6.15 Crores in FY12, the cash conversion cycle is quite stretched. According to the provisional figures for March 31, 2013 as provided by the Company, the reported turnover stood at ₹ 11.03 Crores and net worth at approximately ₹ 25.70 Crores, which included additional capital infusion of ₹ 6.24 Crores in FY13.

Currently the Company has one fully operational factory at Rajgir, Bihar, which started commercial production in August, 2012. They are now in the process of setting up two new units at Buxar, Bihar, for which work is going on since August 2012. One unit would be for manufacture of Cornflakes and the other would be a Corn grit unit for the purpose of corn maize processing. The plant is expected to get fully operational by end of June 2013. The total cost of the project was estimated at ₹ 35.75 Crores, to be funded to the extent of ₹ 20 Crores from the Term Loan sanctioned by OBC, followed by ₹ 10 Crores from Bihar Govt. as subsidy and the balance ₹ 5.75 Crores from the promoters.

analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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