



Rating Rationale

Amul Feed Pvt. Ltd.

12 Jul 2018

Brickwork Ratings assigns the long term rating for the Bank Loan Facilities of Rs. 15.00 Cr of Amul Feed Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
Cash Credit	15.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) (Outlook: Stable)
Total	15.00	INR Fifteen Crores Only	

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

Rating: Long Term Rating Assigned

Brickwork Ratings assigned the long term rating of 'BWR BB+' with "Outlook: Stable" to the bank loan facilities amounting Rs. 15.00 Crores of Amul Feed Pvt. Ltd.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, long existence of the company for 21 years with satisfactory business history, year on year revenue growth, moderate gearing and long standing relationship with suppliers and customers. However the rating is constrained by modest scale of operations, working capital intensive nature of business operations and intense competition in the industry. Going forward, ability of the company to scale up its operations, to improve its profit margins and to maintain its gearing in an intensely competitive industry will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of **Amul Feed Pvt. Ltd** will be maintained over medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show



sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

Key Rating Drivers

Credit Strengths

- **Long Existence of the Company** : The company is in existence for 21 years with satisfactory business history.
- **Year on Year Growth in Total Operating Income:** The company has registered a total operating income of Rs. 67.54 Crores in FY17 as against Rs. 53.39 crores in FY16. On provisional basis the company has achieved a total operating income of Rs. 78.20 crores in FY18.
- **Additional Capital Infusion in FY17:** The company has increased its capital by infusing additional equity capital of Rs. 0.98 Crores in FY17.
- **Moderate Gearing:** The company has maintained its gearing with total debt to tangible net worth of Rs. 1.23 times in FY17.
- **Established Relationship with Customers and Suppliers:** The company has long standing relationship with its suppliers and customers with regular orders.

Credit Weaknesses

- **Vulnerability to Risks Associated to Poultry Industry:** The poultry industry is driven by regional demand and supply factors along with disease outbreaks.
- **High Degree of Competition:** Stiff competition from already established players in the poultry feed manufacturing industry.

About the Company

Amul Feed Private Limited was incorporated in 1997 with registered office in Patna, Bihar. The Company has six directors namely Mr. Ashok Kumar Singh, Ms. Ranju Devi, Ms. Veena Devi, Ms. Asha Devi, Mr. Sanjay Prasad and Mr. Anand Kumar. The Company is into manufacturing of poultry feed. The company has its manufacturing unit in Ranipur in Patna district of Bihar. The company has its customer base across Bihar , Jharkhand , Uttar Pradesh and most of the northeast states of India.

Company's Financial Performance

The company has registered total operating income of Rs. 67.54 Cr in FY17 as against Rs. 53.39 Cr in FY16. The company has reported net profit margin of 0.98% and operating profit margin of 4.44% in FY17. Tangible net worth of the company stood at Rs. 12.47 Cr as on March 31, 2017.



On provisional basis,, the company has achieved a total operating income of Rs. 78.20 Cr during April 1, 2017 to March 31, 2018.

Parameters	31-Mar-2016	31-Mar-2017	31-Mar-2018
	(Audited)	(Audited)	(Provisional)
Total Operating Income (Rs. Crores)	53.39	67.54	78.20
EBIDTA (Rs. Crores)	2.60	3.00	6.16
PAT (Rs. Crores)	0.31	0.66	3.51
Tangible Net Worth (TNW) (Rs. Crores)	10.72	12.47	12.48
Total Debt : TNW (Times)	1.15	1.23	1.07
Current Ratio (Times)	1.10	1.15	1.34

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2017	2016	2015
1	Cash Credit	Long Term	15.00	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	Nil	Nil	Nil
Total			15.00	INR Fifteen Crores Only			

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf. Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

DISCLAIMER

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