

## Rating Rationale

### Brickwork Ratings assigns 'BWR B' to the Bank Loan Facilities of Anand Frozen Foods

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for the Bank Loan Facilities aggregating Rs. **9.42 Cr** sanctioned by Punjab National Bank to Anand Frozen Foods ("**AFF**" or "*the Firm*"):

Facilities	Limits Rated (₹ In Cr)	Tenure	Rating <sup>1</sup>
<b>Fund Based:</b>		<b>Long Term</b>	<b>BWR B (Pronounced BWR Single B) Outlook: Stable</b>
Term Loan I *	<b>1.24</b>		
Term Loan II *	<b>2.18</b>		
Cash Credit	<b>6.00</b>		
Total Amount	<b>9.42</b>	<b>INR Nine Crores and Forty Two Lakhs only</b>	

\* Term loan amount outstanding as on 30.8.2016

BWR has essentially relied upon the firm's audited financial results till FY16, publicly available information and the information/clarifications provided by the management of the firm.

The rating has inter-alia factored experience of the partners in the cold storage industry, growth in revenue and established market position in the region. However, the rating is constrained by firms' infant stage, low scale of operations, low net worth, high gearing and competition from many small and medium cold storage units in the region.

#### Background:

Anand Frozen Foods was established as a partnership firm on 7<sup>th</sup> March, 2013 in the district of Kashipur, Uttarakhand. It provides processing and cold storage facilities for green peas, vegetables, sweet corn and beans. AFF's processing capacity is 2 tons per hr. AFF distributes the products under the brand name Anand Fresh to various distributors located in metropolitan cities like Delhi, Mumbai, Bangalore and Pune. AFF is a family run business and the partners have been in various other sectors like, Pharma, Real Estate projects and Hotel business since 1975 in the region.

#### Management:

Anand Frozen Foods is a family run business. It is constituted by four partners- Mr. Jitendra Arora, Mr. Sanjeev Pal Arora, Ms. Manju Arora and Ms. Neetu Arora. All the partners have equal profit sharing in the firm. Mr. Sanjeev Pal Arora, Partner has been in various other businesses since 1975, who is assisted by all the other partners.

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

**Financial Performance:**

Net Operating income of the firm for FY 16 was Rs. 7.57 Cr as compared to Rs. 4.68 Cr in FY 15. Profit after tax stood at Rs. 0.04 Cr for FY16 as compared to Rs. 0.01 Cr in FY15. AFF's Net worth for FY 16 stood at Rs. 2.47 Cr. Debt Equity for FY 16 was at 4.16 times.

**Rating Outlook:**

The outlook is expected to be stable for the current year. Going forward, ability of the firm to improve its scale of operations, to increase its revenue and profit margin, reduce its gearing with infusion of capital and to manage its working capital cycle effectively will be the key rating sensitivities.

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