



## Rating Rationale

### Ankita Poultry Feeds

14Feb2019

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.36 Crores of Ankita Poultry Feeds.**

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: CC Term Loan	4.00 3.36	Long Term	BWR B (Pronounced as BWR B) Outlook: Stable
<b>Total</b>	<b>7.36</b>	<b>INR Seven Crores Thirty Six Lakhs Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon Ankita Poultry Feeds (APF) Audited Financial Statements from FY16 to FY18 for ease in understanding and comparison. APF has also provided the projected financial statements for FY19 & FY20, publicly available information and information / clarification provided by the APF management.

The ratings assigned to the bank facilities of APF draws strength from extensive experience of the proprietor, moderate coverage ratios, moderate profitability.

The ratings are however constrained by modest scale of operations, low capital base, stretched gearing, weak liquidity profile.

Going forward the firm's ability to infuse share capital and meet the projected TNW levels, improve the scale of operations, improve and maintain the profitability & the debt servicing capability will be the key rating sensitivities.

### Description of Key Rating Drivers

#### Credit Strengths:

**Extensive experience of the proprietor:** The proprietor Mr. Uttam Redkar has an experience of over a decade in the same industry.

**Moderate coverage ratios:** Moderate coverage with the ISCR and DSCR standing at 3.48x & 2.18x respectively in FY18 as compared to 9.58x & 2.88x respectively in FY17.

**Moderate profitability:** Moderate profit margin with the NPM standing at 1.97x in FY18 as compared to 1.90x in FY17.

#### Credit Risks:

**Modest scale of operations:** Modest scale of operations with the TOI standing at Rs 25.94 Cr FY18 as compared to Rs 21.61 Cr in FY17.

**Low capital base:** Low level of TNW at Rs 1.00 cr in FY18 which has slightly increased as compared to rs 0.73 Cr in FY17, the TNW is projected to increase to Rs 6.35 Cr till March 2019 which will be seen as one of the key rating drivers.

**Stretched gearing:** The gearing is stretched on the account of low levels of TNW as the total debt/TNW and TOL/TNW stand at 3.37x & 8.93x respectively in FY18 as compared to 4.20x & 8.50x respectively in FY17.

**Weak liquidity profile:** Weak liquidity profile with the current ratio standing at 0.64x in FY18 as compared to 0.60x in FY17.

**Liquidity Profile:** APF's liquidity profile is driven by weak current ratio of 0.64x and overall interest coverage of 3.48x in FY18 and the average CC utilisation for the last four months as per banker feedback stands at 60.64%.



## **Analytical Approach**

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

## **Rating Outlook: *Stable***

BWR believes the **Ankita Poultry Feeds** business risk profile will be maintained over the 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.

## **About the Company**

Ankita Poultry Feeds is a proprietorship concern of Mr. Uttam Redkar which is based in Tal Ajara District, Kolhapur. The concern commenced its business 10 years back and APF is engaged in the line of poultry and poultry products business. The concern has approached BWR for the rating of cash credit facility and animal husbandry loan of Rs 7.36 Cr. The concern has its own feed mill, hatchery unit with a capacity of 257200 eggs, breeder farm of 18000 vencobb birds, and also they have started new feed mill of pellet form. It has its own growing shed with 68000 birds and integration system with local farmer around 957090 birds. The business activity is conducted through one manager and accountant, 4 vet expertise and 4 assistants and 15 supervisors, office staffs and 125 skilled and unskilled labor.

## **Company Financial Performance**

During FY17, the total operating income of APF stood at Rs.21.61 crore (vis-à-vis Rs.25.94 crore in FY18), whereas the PAT during the same year stood at Rs.0.41 crore (vis-à-vis Rs 0.51 crore in FY18). DSCR stood at 2.88 Times in FY17 as compared to 2.18 Times in FY18.

**Key Financial Indicators**

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	25.94	21.61
EBITDA	₹ Cr	1.12	0.63
PAT	₹ Cr	0.51	0.41
Tangible Net worth	₹ Cr	1.00	0.73
Total Debt/Tangible Net worth	Times	3.37	4.20
Current Ratio	Times	0.56	0.60

**Rating History for the last three years**

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1	<b>Fund Based: CC Term Loan</b>	Long Term	4.00 3.36	<b>BWR B</b> <b>(Pronounced as BWR B)</b> <b>Outlook: Stable</b>	NA	NA	NA
	<b>Total</b>		<b>7.36</b>	<b>₹ Seven Crores Thirty Six Lakhs Only</b>			

Status of non-cooperation with previous CRA (if applicable)-NA

**Hyperlink/Reference to applicable Criteria**

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



For any other criteria obtain hyperlinks from website

Analytical Contacts	Media	
<i>Sushil Kumar Chitkara</i> <i>Associate Director-Ratings</i>  <a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a> <th style="background-color: #800040; color: white;">Relationship Contact</th> <a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>	Relationship Contact
<b>Phone: 1-860-425-2742</b>		

**For print and digital media**

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.

**DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.