

Rating Rationale

Annakut Biscuits Pvt Ltd

1 Aug 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 5.53 Crore of Annakut Biscuits Pvt Ltd (ABPL or the ‘Company’).

Particulars

Facility Rated	Amount (Rs. Crore)	Tenure	Rating*
			Rating*
Fund Based TL	2.08	Long Term	BWR BB- Outlook Stable
Fund Based OD	3.25	Long Term	BWR BB- Outlook Stable
Non Fund Based LC	0.20	Short Term	BWR A4
Total		Rs. 5.53 Crore (Rupees Five Crore Fifty Three Lac Only.)	

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

Rating assigned: Long Term BWR BB- & Short Term BWR A4

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, provisional results of FY17, publicly available information and information/clarification provided by the Company’s management.

The ratings have factored, inter alia majority of procurement is order backed, comfortable debt protection metrics, improvement in inventory management, support from experienced promoters. The ratings are, however, relatively small scale of operation, stretched capital

gearing ratio and liquidity position, fragmented and competitive nature of the business and pricing constraint with margin pressure.

Going forward the ability of the Company to achieve the envisaged scale of operation, improvement and sustain in profitability margins in light of the increased competition and efficient management of working capital will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Annakut Biscuits Pvt Ltd 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

Annakut Biscuits Pvt Ltd was incorporated on 20th January 1994. The registered office of the Company is situated at 54 A, Vivekanand Nagar, Kanpur, Uttar Pradesh. The Company is engaged into business of production of biscuits on job basis from M/S Parle Biscuits Pvt Ltd. The Company is being promoted by Mr. Mayank Khanna, Mr. Navin Kumar Khanna, Mrs. Mamta Khanna. Mr. Navin Kumar Khanna is the managing director of the Company. The Company is presently having installed capacity of 25000 MT per Month. The Company is getting the job order from M/s Parle Biscuits Pvt Ltd and manufactures the required quantity of biscuits for only the said Company. They are having business relationship with the Company since inception. The major raw material required for the project are Maida, Sugar, Liquid Glucose, Vanaspati Oil etc., which are easily available in the local markets. However, the unit does not suffer any problem in getting the raw material, as the same is being supplied to M/s Parle Biscuits Pvt Ltd as per the agreement made between them.

Company Financial Performance

As per the provisional financial FY17, the revenue of the Company has shown a growth from ₹ 11.29 Crores in FY16 to ₹ 12.99 Crores in FY17. The Company has reported Profit before Tax of Rs. 0.46 Crores in FY16 against Profit before Tax of Rs. 0.55 Crores in FY17. Tangible net worth of the Company has increased from ₹ 0.27 Crores in FY16 to ₹ 0.83 Crores in FY17 on account of retention of profit as well as capital infusion.

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (/)	Amount (Rs Crs)	Rating	2016	2015	2014
	(Proposed)						
1	Fund Based Term Loan	Long Term	2.08	BWR BB-	NA	NA	NA
2	Fund Based Over Draft	Long Term	3.25	BWR BB-	NA	NA	NA
	Non Fund Based Letter of Credit	Short Term	0.20	BWR A4	NA	NA	NA

Status of non-cooperation with previous CRA (if applicable): Not Applicable

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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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.