



Rating Rationale

Annapurna Disposable Pvt. Ltd.

1 Aug 2018

Brickwork Ratings assigns the long term rating for the Bank Loan Facilities of Rs. 7.00 Crs of Annapurna Disposable Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
Term Loan	3.09	Long Term	BWR B+ (Pronounced as BWR Single B Plus) (Outlook: Stable)
Cash Credit	1.20		
Cash Credit (Proposed Additional Limit)	2.71		
Total	7.00	INR Seven 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 B+' with "Outlook: Stable" to the bank loan facilities aggregating Rs. 7.00 Crores of Annapurna Disposable Pvt. Ltd.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, experience of promoters in disposable food grade container manufacturing business, year on year revenue growth and expected revenue growth in coming years due to expansion of production unit coupled with increase in fixed assets. However the rating is constrained by high gearing, thin PAT margins, limited track record and working capital intensive nature of business operations. Going forward, ability of the company to scale up its operations, to improve its profit margins and to improve its gearing and tangible net worth will remain the key rating sensitivities.



Rating Outlook: Stable

BWR believes that the business risk profile of Annapurna Disposable Pvt. Ltd. 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.

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

- **Year on Year Growth in Revenue:** Total operating income of the Company has increased from Rs. 2.56 Cr in FY16 to Rs. 5.44 Cr in FY17. The company has achieved income of Rs.12.64 Crores in FY18 and expected to grow in coming years due to expansion of production unit.
- **Year on Year Capital Infusion:** The tangible net worth of the company is increasing year on year due to additional capital infusion.

Credit Weaknesses

- **High Gearing :** The company has high gearing with Total Outside Liabilities (TOL) to Tangible Net Worth (TNW) of 3.38 Crores in FY17 is due to relatively low Tangible Net Worth (TNW).
- **Thin Net Profit Margins :** The company has registered thin net profit margin of 1.56% in FY17.
- **High Degree of Competition:** Disposable container manufacturing industry is highly fragmented and highly competitive.

About the Company

Annapurna Disposable Private Limited was incorporated in 2014 with registered office in Purnia, Bihar. The company has two directors namely Mr. Sumit Kumar and Mrs. Bibha Jaiswal. The company is into manufacturing of disposable food grade products such as disposable plates, cups and glasses using Polypropylene (PP). The company has its manufacturing unit at Purnia, Bihar. The company is having good customer base and sells its products throughout India.

Company's Financial Performance

The company has registered total operating income of Rs. 5.44 Cr in FY17 as against Rs. 2.56 Cr in FY16. The company has reported net profit of 0.08 Cr in FY17 as against net loss of 0.05 Cr in FY16. Tangible net worth of the company stood at Rs. 1.48 Cr as on March 31, 2017.

Provisionally, the company has achieved total operating income of Rs. 12.64 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)	2.56	5.44	12.64
EBIDTA (Rs. Crores)	0.56	0.65	1.88
PAT (Rs. Crores)	-0.05	0.08	0.21
Tangible Net Worth (TNW) (Rs. Crores)	0.37	1.48	1.97
TOL : TNW (Times)	6.94	3.38	3.03
Current Ratio (Times)	1.02	2.65	1.35

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	Term Loan	Long Term	3.09	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	Nil	Nil	Nil
2	Cash Credit		1.20				
3	Cash Credit (Proposed Additional Limit)		2.71				
Total			7.00	INR Seven 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

Analytical Contacts	Media
K V Raju Head – MSME Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

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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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