



Rating Rationale

Arnab Poultry Farm (P) Ltd.

24 Sep 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 5.89 Crores of Arnab Poultry Farm (P) Ltd..

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: Term Loan(Proposed)	3.50	Long Term	BWR B- (BWR B Minus) Outlook: Stable
Cash Credit(Proposed)	2.39	Long Term	
Total	5.89	INR Five Crores and Eighty Nine Lakhs Only	

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

Ratings assigned:

Brickwork Ratings assigned the long term rating of 'BWR B-' with "Outlook: Stable" to the bank loan facilities aggregating Rs. 5.89 Crores of Arnab Poultry Farm (P) Ltd ('APFPL', or 'the company').

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied up on the audited financials upto FY17, provisional financials for FY 18, projections up to FY21, publicly available information and information/clarifications provided by the Company's management.

The rating draws strength from the experience of the management in Poultry Industry and established relationship with customers & suppliers and proposed expansion plans of the company. However, the rating is constrained by low scale of operations coupled with thin profitability margins, low capital, stiff competition from both organised & unorganised players in the industry, working capital intensive nature of operations, inherent risks associated with Poultry Industry and timely execution of the proposed hatchery unit.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced management:** The directors of the company have a long and good experience in the industry.
- **Proposed New Unit:** The company is in the process of establishing of broiler parent breeding unit which is proposed to increase the turnover and profitability of the company.

Credit Risks:

- **Low Net worth and Turnover:** The turnover of the company remains low at Rs. 2.75 crs in FY17 while the networth stood at Rs 0.39 crs.
- **Presence in a highly fragmented and competitive poultry industry:** The company operates in poultry industry which is highly fragmented with large number of organized and unorganized players due to low entry barriers.
- **Inherent risk associated with the Industry:** The Poultry industry is characterized by frequent outbreak of the Bird flu and seasonality of demand for eggs and poultry which affects the profitability margins of the company and also leads to inventory loss in case of disease outbreak.

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 that **Arnab Poultry Farm (P) Ltd's** 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:

Arnab Poultry Farm Pvt Ltd. was registered at Registrar of Companies Kolkata on 14/06/2012 and is categorised as Company limited by Shares and a Non-govt company. The company is currently running 30000 layer unit at Bankura. Mr. Anup Dey, Mr. Apurba Dey, Mrs. Mita Dey, Mr. Sadhan Dey & Mrs. Sonali Dey are the current directors of the company. The company is in the process for establishment of poultry broiler parent breeding unit with 15000 birds capacity



under 1+1+3 rearing system along with broiler integration and other necessary infrastructure.

Company’s Financial Performance :

As per the Audited financials of FY17, the Company has reported total operating Income of ₹ 2.75 Crores against ₹ 0.96 Crores in FY16. The operating profit margin stood at 1.82% in FY17 as against 2.83% in FY16. Tangible Net Worth of the company stood at ₹ 0.39 crores in FY 17 as against ₹ 0.38 crores in FY16. As per provisional financials, company has achieved a revenue of Rs. 2.49 Crores and PAT of 0.01 crores in FY18.

The total project cost estimated for setting up the unit is Rs. 7.51 crs which comprises of 1.62 crs of promoters contribution, Term loan of Rs.3.50 crs & Cash Credit of Rs. 2.39 crs.

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	2.75	0.96
EBITDA	₹ Cr	0.03	0.05
PAT	₹ Cr	(0.01)	0.01
Tangible Net worth	₹ Cr	0.39	0.38
Total Debt/Tangible Net worth	Times	0.00	0.00
Current Ratio	Times	0.82	1.49



Rating History for the last three years

S.No	Instrument /Facility	Current Rating(2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	5.89	BWR B- (BWR B Minus) Outlook: Stable	NA	NA	NA
	Total		5.89	₹ Five Crores and Eighty Nine Lakhs Only			

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

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [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 ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

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