

## Rating Rationale

### Brickwork Ratings reaffirms 'BWR B+/BWR A4' for the Bank Loan facilities aggregating to ₹ 47.50 Cr of Asandas & Sons

Brickwork Ratings has reaffirmed the following **Ratings<sup>1</sup>** for Bank Credit facility sanctioned/availed amounting to Rs. 47.50 Crore by **Asandas & Sons (AS or the 'Firm')** :-

Facility	Previous limits (In Cr)	Limits (In Cr)	Tenure	Previous rating	Current Rating
<b>Fund Based</b>			<b>Long Term</b>	BWR B+ (Pronounced BWR B plus) Outlook-Stable	<b>BWR B+ (Pronounced BWR B plus) Outlook-Stable</b>
Cash Credit	4.50	<b>7.00</b>			
Term Loan	26.00	<b>37.50</b>			
<b>Non Fund Based</b>		<b>3.00</b>	<b>Short Term</b>	BWR A4 (Pronounced BWR A Four)	<b>BWR A4 (Pronounced BWR A Four)</b>
Bank Guarantee	1.00				
<b>Total</b>	31.50	<b>47.50</b>	<b>(INR Forty Seven Crores &amp; Fifty Lakhs only)</b>		

BWR has principally relied upon the audited financial results of FY12 - FY15, projected financial results of FY16 & FY17, publicly available information and information/clarification provided by the company's management.

The rating has factored, inter alia, longstanding experience of promoter's potato trading business and established business set up and backward linkages in form of raw material procurement.

The Rating is however, constrained by the fact that the project has been implemented only 10 months back, financial growth is yet to be seen and limited track record in frozen food business.

### Background

Asandas & Sons (AS) set up in year 1962, was primarily engaged in trading of potato.

The firm decided to enter in to food processing segment and has implemented a project to set up frozen food processing unit with capacity of 20,800MT PA. The project is complete and has been commercially operational since January 2016. AS has started their commercial production for their products French fries and potato snacks as on 27<sup>th</sup> Jan 2016. The firm will be mainly catering to wholesale segment with specific focus on hotels, restaurants and caterers. The organization has already appointed total 111 distributors across 70 locations. The organization has tie ups with large stores and chains like Metro Cash & Carry, Future Consumer Ltd, Godrej Tyson Foods Ltd, Innovative Foods Ltd (Sumeru Brand), Pan Asia Food Ltd (Noodle Bar, Spaghetti, Copper Chimney), Chatkaaz, TGB Group, Regional Chains like Shambhu's, Jai Bhavani Vadapav, etc. The organization also has a tie up with Burger King for supplies of French

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

Fries.

### Management Profile

The operations of the firm are managed by two partners namely Mr. Jayraj Karamchandani and Mr. Kishan Karamchandani with around four decades of experience in wholesale trader of potato. Furthermore, their sons are also involved in the management of the firm, Mr. Haresh Jayraj Karamchandani being responsible for overall operations of the plant and Mr. Kamlesh Kishan Karamchandani for Sales & Marketing activities. Additionally the firm would be supported by team of professionals having experience in frozen food segment.

### Financial Performance

The firm has recorded sales of Rs. 5.23 cr for the FY16(2 months of operations) and Rs. 6.25 cr for the Ist Quarter 2017 (April – June). The net worth of the firm stands at Rs.4.59 crores as on March 31<sup>st</sup> 2015. Total debt includes long term debt and cash credit facilities from Syndicate Bank & Dena Bank, unsecured loans are from family and friends.

### Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, even though the project has been completed, the company needs to stabilize and scale up its operations to the projected levels, strengthen its capital structure and sustain its working capital efficiently would remain the key rating sensitivities.

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