



Rating Rationale

MKB Foods Pvt. Ltd.

27th March 2017

Brickwork Ratings assigns the ratings for the outstanding Bank Loan Facilities of Rs. 6.505 Cr of MKB Foods Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
Cash Credit	3.90	Long Term	BWR B (Outlook: Stable)
Term Loans	2.605		
Total	6.505 (Rupees Six Crores Fifty Lakhs Fifty Thousands Only)		

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating factors, inter alia, the long experience of the family in food processing business, availability of paddy for the rice mill with low sourcing risk, reputed clients like Big Bazar along with numerous smaller clients and healthy sales in the first full year of operation of the rice mill.

The rating is however constrained by low vintage, small size and moderate financial indicators of the firm.

Rating Outlook: Stable

BWR believes that MKB Foods Pvt. 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 depending on future sales, profitability and relative changes in financial indicators.

About the Company:

MKB Foods Pvt. Ltd is based in Nagpur, was incorporated in 2012. It has started a rice milling unit in Feb 2016 and produces parboiled rice, grain white rice, basmati rice for sales to Big Bazaar, other retail stores, rice traders etc. The rice milling unit has a capacity of 8 tonnes per hour (TPH) with current capacity utilization around 70-75%. Raw material paddy is sourced



from local farmers, as well as from other parts of Maharashtra, UP and Bihar. Since starting the unit, it is having monthly sales of around Rs. 4-5 Cr.

Financials:

In FY 15-16, it has reported total sales of Rs. 13.01 Cr with net profit of Rs. 3 lakhs. In the first full year of operation of the rice milling unit in FY 16-17, it has projected total sales of Rs. 45 Cr with net profit of Rs. 22 Lakhs. With more than Rs. 40 Crs of sales by the end of February, the firm is on course to meet the projected sales figure.

In FY 15-16, it had TNW (adj. for unsecured loans from related parties) of Rs. 3.22 Cr and adj. Total Debt of Rs. 9.68 Cr.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount	Rating	2016	2015	2014
1	Cash Credit	Long Term	Rs. 3.90 Crs	BWR B Outlook: Stable	-	-	-
2	Term Loan		Rs. 2.605 Cr				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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.

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