

Rating Report

Brickwork Ratings assigns “BWR B” for the Bank Loan Facility aggregating ₹10.00 Crores of Ananda Feeds.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the bank loan facility of **Ananda Feeds** (“AF” or “the firm”):

Bank Facility	Limits (₹ Crores)	Tenure	Rating*
Over Draft against Book Debts (ODBD)	10.00	Long Term (Fund Based)	BWR B (Pronounced BWR Single B) Outlook: Stable
Total	10.00	(INR Ten Crores Only)	

BWR has essentially relied upon AF’s audited financial results upto FY15, publicly available information and the information/clarifications provided by the firm.

The rating draws strength from extensive experience of the promoters in the aquaculture industry and locational advantages. However, the rating is constrained by the firm’s small scale of operations, highly fragmented and competitive seafood market with presence of large number of organized and unorganized players, inherent challenges in the Indian seafood industry such as volatile demand, seasonality in sale and raw material availability risk owing to its susceptibility to diseases outbreaks and adverse climatic conditions, weak financial risk profile marked by low capital, stretched receivables and weak debt protection metrics and working capital intensive nature of operations.

Background:

Ananda Feeds (AF) was established on 1st October 2012 as a partnership firm in Sivaraopet, Bhimavaram, Andhra Pradesh. AF is associated with the AP based Ananda group of companies. The firm is engaged in trading of Aqua Feed, Aqua Culture and as a commission agent for procuring shrimps for its associate company, Ananda Aqua Export Private Limited and shrimp farmers locally. The firm is a major distributor of Ananda Enterprises (India) Private Limited’s (associate company) popular shrimp brands 'Anand' and 'Dharma'.

Management:

Shri. Ramakrishnam Raju U is the Managing Partner and has extensive experience in the aquaculture industry.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The firm is managed by Shri. Ramakrishnam Raju U and other partners are Smt. Parvathi U, Smt. Padmavathi U, Smt. Vijayapraveela Kumari U, Smt. Radha Rani U, Smt. Padma U, Smt. Usha U, Smt. Srilaxmi Devi U and Smt. Surya Soundarya U.

Financial Performance:

AFS's operating income decreased from ₹ 67.53 Crores in FY14 to ₹ 34.87 Crores in FY15, mainly on account of decrease in demand of Aqua feeds. The firm reported an operating profit margin of 4.61% and net profit margin of 0.55% for FY15. Profit after tax has decreased from ₹ 0.31 Crore in FY14 to ₹ 0.19 Crores in FY15. Partners' Capital stood at ₹ 0.38 Crores as on 31st March 2015. The firm's ISCR and DSCR are 1.05X and 1.13X respectively for FY15.

Credit Risk Analysis:

- ◆ The firm is managed by an experienced managing partner who brings the required amount of experience and understanding of the business. BWR expects that the managing partner will be able to manage these risk adequately.
- ◆ Working Capital requirement is on the higher side and efficient management of working capital is necessary for smooth operations.
- ◆ Demand from shrimp will drive the growth of the aqua feed industry at five to six per cent annually. Andhra Pradesh constitutes the major share in the domestic market.
- ◆ Inherent challenges in the Indian seafood industry such as volatile in demand, seasonality in sale, resulting in volatility in sales.
- ◆

Rating Outlook:

The rating outlook is expected to remain stable for the current year. Going forward, the ability of the firm to increase its scale of operations profitably, strengthen its capital structure, and manage its working capital cycle effectively will be the key rating sensitivities.

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ANANDA FEEDS
ANNEXURE I : PROFIT AND LOSS ACCOUNT

Crores	FY13	FY14	FY15
Result Type	Audited	Audited	Audited
Gross Sales	26.45	67.53	34.87
Net Sales	26.45	67.53	34.87
Total Operating Income	26.45	67.53	34.87
Operating Expenses	27.37	65.73	33.26
OPBDIT	-0.92	1.80	1.61
Depreciation/Amortization/Impairment	0.00	0.01	0.01
OPBIT	-0.92	1.78	1.60
Interest and Finance Charges	0.00	1.29	1.52
OPBT	-0.92	0.50	0.07
Non Operating Income(Expenses)	1.03	0.00	0.12
PBT	0.11	0.50	0.19
Provision for Taxes	0.00	0.19	0.00
PAT	0.11	0.31	0.19

ANANDA FEEDS
ANNEXURE II : BALANCE SHEET

Crores	FY13	FY14	FY15
	Audited	Audited	Audited
LIABILITIES			
Partners Capital Account	0.11	0.01	0.38
Partners capital	0.00	-0.30	0.18
Reserves and Surplus	0.11	0.31	0.19
Non-current liabilities	2.00	0.00	0.00
Long-Term Borrowings	2.00	0.00	0.00
Current liabilities	17.82	25.63	38.54
Short-Term Borrowings	0.00	10.03	9.75
Trade Payables	17.82	15.59	28.79
Total Liabilities	19.94	25.64	38.91
ASSETS			
Non-current assets	0.00	0.06	0.05
Net Fixed assets	0.00	0.06	0.05
Current assets	19.94	25.58	38.86
Trade Receivables < Six Months	19.57	25.53	33.70
Cash and Cash Equivalent	0.37	0.05	5.10
Other Current Assets	0.00	0.00	0.06
Total Assets	19.94	25.64	38.91

ANANDA FEEDS
ANNEXURE III : RATIOS

		FY13	FY14	FY15
		Audited	Audited	Audited
Long Term Borrowings	Crores	2.00	0.00	0.00
Short Term Borrowings	Crores	0.00	10.03	9.75
Total Debt	Crores	2.00	10.03	9.75
Tangible Partners Capital	Crores	0.11	0.01	0.38
Total Debt/Tangible Partners Capital	Times	17.41	1189.09	25.98
Total Outstanding Liability/ Tangible Partners Capital	Times	155.20	3037.54	102.74
Interest Service Coverage Ratio	Times	-1568.77	1.39	1.05
Debt Service Coverage Ratio	Times	197.11	1.02	1.13
Net Profit Margin	%	0.43	0.45	0.55
Operating Profit Margin	%	-3.47	2.66	4.61
ROCE	%	-47.32	29.36	15.85
Current Ratio	Times	1.12	1.64	1.01
Days Receivables	Days	295	122	310
Days Payable	Days	268	93	245
Conversion Cycle	Days	26	29	65