

Brickwork Ratings assigns long term rating of 'BWR BB-' for the Proposed Bank Loan Facilities aggregating ₹25.79 Cr of M/s Atluri Foods Pvt Ltd

Brickwork Ratings (BWR) has assigned the following Ratings¹ for the Proposed Bank Loan Facilities of M/s Atluri Foods Pvt Ltd ("AFPL" or "the Company")

| Facility | Proposed Limits (Rs.Crs) | Tenure | Rating |
|--------------------------|--------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------|
| Fund Based Limits | | Long Term | BWR BB- (Pronounced BWR Double B Minus) Outlook-Stable |
| Cash Credit | 8.00 | | |
| Term Loans* | 17.79 | | |
| Total | 25.79 | INR Twenty Five Crores and Seventy Nine Lakhs Only | |

Term loan of Rs 8.87 Crs is proposed for the super market project and takeover of the existing term loan of Rs.8.92 Crs with Religare Finvest .Cash Credit Of Rs 8 crores is also proposed for super Market project Mr.Atulari VijayaVenkata prasad , the director of the company is having exposure of Rs. 4.92 Crs in his name with Religare Finvest for the company's business purposes.

BWR has essentially relied upon the firm's Audited financial results of FY16, projected project financials and publicly available information and the information/clarifications provided by the Company's Management.

The rating takes comfort from the experience of Promoters background in running restaurants, long track record of the company in the restaurant industry, growth in revenues in the present restaurant business. The assigned rating is, however primarily constrained by project implementation and completion risk, achieving the projected revenue and the profitability, a high projected debt/equity, projected cash flows to match the repayment obligations

Background:

Atluri Foods Pvt Ltd (AFPL) has presence in the fine dining industry. AFPL was incorporated in September 1998 by Mr. Atluri Vijaya Venkata Prasad is a Post Graduate from IIT Delhi and Atluri Ravi is the other director of the Company. The company operates fine-dining restaurant chains across Hyderabad, Telangana and offer a variety of cuisines and dining formats. As of now it is operating 8 restaurants under the brand name "Chutneys".

Currently AFPL is proposing to set up a Hyper Market along with 200 seat Restaurant at Gajuwaka, Vishakhapatnam, and Andhra Pradesh at an estimated capital cost of Rs. 14.78 Crores for which a Term Loan of Rs. 8.87 Crores from the Bank and Promoter's contribution of Rs.5.91 Crores

The company has acquired 1.87 acres of land at Vizag to set up the Hyper City Market on three floors with a combined area of 35000 Sft, .The super market would also have a facility of fine dining restaurant under "Chutneys" brand with a floor area of 8000 Sft and expected to function on 1st April 2017.

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

Financial Performance:

From the existing restaurant business and as per Audited financials of FY16, the company reported a total operating income of Rs. 23.92 crore and a PBILDT of Rs.3.78 crore and PAT of Rs.1.02 crore respectively as against a total operating income of Rs.18.26 crore and a PBILDT of Rs.2.84 crore and PAT of Rs.0.48 crore in FY15. As on 31st March 2016 Company's tangible net-worth stood at Rs.6.05 Crore Coupled with Debt/Equity ratio of 1.66 times. AFPL operating profit margin, net profit margins recorded at 15.78 %, 4.25 % and Current ratio stood at 1.07 times for FY16. The company has projected a turnover of Rs 50 Crores and Rs 4.38 crores from proposed super market and restaurant at super market respectively in FY 18

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, AFPL's ability to achieve the projected revenue and profitability and achieve the projected cash flows to promptly service the debt obligations.

| | |
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M/s Atluri Foods Pvt Ltd
Annexure-I

| Profit and Loss Account | | | |
|--------------------------------------|--------------------|--------------------|--------------------|
| Crores | 31-Mar-2014 | 31-Mar-2015 | 31-Mar-2016 |
| Result Type | Audited | Audited | Audited |
| Total Operating Income | 16.05 | 18.26 | 23.92 |
| Operating Expenses | 13.78 | 15.41 | 20.15 |
| OPBDIT | 2.27 | 2.84 | 3.78 |
| Depreciation/Amortization/Impairment | 0.57 | 0.66 | 1.20 |
| OPBIT | 1.70 | 2.19 | 2.57 |
| Interest and Finance Charges | 1.08 | 1.44 | 1.28 |
| OPBT | 0.62 | 0.75 | 1.29 |
| Non Operating Income(Expenses) | -0.02 | -0.05 | 0.22 |
| PBT | 0.60 | 0.69 | 1.51 |
| Provision for Taxes | 0.19 | 0.22 | 0.50 |
| PAT | 0.42 | 0.48 | 1.02 |

M/s Atluri Foods Pvt Ltd
Annexure-II

| Balance Sheet | | | |
|-----------------------------------|--------------------|--------------------|--------------------|
| Crores | 31-Mar-2014 | 31-Mar-2015 | 31-Mar-2016 |
| Liabilities | Audited | Audited | Audited |
| EQUITY AND RESERVES | 4.73 | 4.95 | 6.05 |
| Share capital | 2.50 | 2.50 | 3.50 |
| Share Application money | | | |
| Pending allotment | 1.18 | 0.91 | 0.00 |
| Reserves and Surplus | 1.06 | 1.54 | 2.55 |
| Non-current liabilities | 6.76 | 9.07 | 9.30 |
| Long-Term Borrowings | 6.76 | 9.07 | 9.30 |
| Current liabilities | 5.27 | 5.35 | 4.34 |
| Short-Term Borrowings | 0.91 | 0.84 | 0.00 |
| Current Portion Of Long Term Debt | 2.60 | 2.02 | 0.75 |
| Trade Payables | 0.99 | 1.58 | 1.15 |
| Other Current Liabilities | 0.54 | 0.65 | 1.91 |
| Short-Term Provisions | 0.23 | 0.27 | 0.54 |
| Total Liabilities | 16.77 | 19.37 | 19.69 |
| ASSETS | | | |
| Non-current assets | 13.93 | 14.37 | 15.06 |
| Net Fixed assets | 12.17 | 12.62 | 13.34 |
| Long Term Loans and Advances | 1.75 | 1.75 | 1.73 |
| Current assets | 2.84 | 5.00 | 4.63 |
| Inventories | 0.03 | 0.02 | 0.09 |
| Trade Receivables < Six Months | 0.11 | 0.03 | 0.03 |
| Cash and Cash Equivalents | 2.52 | 4.72 | 4.06 |
| Short-Term Loans and Advances | 0.16 | 0.18 | 0.45 |
| Other Current Assets | 0.02 | 0.06 | 0.00 |
| Total Assets | 16.77 | 19.37 | 19.69 |