

## Rating Report

### Brickwork Ratings assigns "BWR B" to the Bank Loan Facilities of Anand Frozen Foods

Brickwork Ratings (BWR) has assigned the following Ratings<sup>1</sup> for the Bank Loan Facilities aggregating to Rs. **9.42 Crores** sanctioned by Punjab National Bank to Anand Frozen Foods ("**AFF**" or "*the Firm*"):

Facilities	Limits Rated (Rs. In Crs)	Tenure	Rating <sup>1</sup>
<b>Fund Based:</b>			
Term Loan I *	1.24	Long Term	<b>BWR B</b> (pronounced BWR Single B) Outlook: Stable
Term Loan II *	2.18		
Cash Credit	6.00		
<b>Total Amount</b>	<b>9.42</b>	<b>(INR Nine Crores and Fourty Two Lakhs Only)</b>	

\* *Term loan amount outstanding as on 30.8.2016*

BWR has essentially relied upon the firm's audited financial results till FY16, publicly available information and the information/clarifications provided by the management of the firm.

The rating has inter-alia factored experience of the partners in the cold storage industry, growth in revenue and established market position in the region. However, the rating is constrained by firms' infant stage, low scale of operations, low net worth, high gearing and competition from many small and medium cold storage units in the region.

#### Background:

Anand Frozen Foods was established as a partnership firm on 7<sup>th</sup> March, 2013 in the district of Kashipur, Uttarakhand. It provides processing and cold storage facilities for green peas, vegetables, sweet corn and beans. AFF's processing capacity is 2 tons per hr. AFF distributes the products under the brand name Anand Fresh to various distributors located in metropolitan cities like Delhi, Mumbai, Bangalore and Pune. AFF is a family run business and the partners have been in various other sectors like, Pharma, Real Estate projects and Hotel business since 1975 in the region.

**1 Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definitions of the Ratings**

**Management:**

Anand Frozen Foods is a family run business. It is constituted by four partners- Mr. Jitendra Arora, Mr. Sanjeev Pal Arora, Ms. Manju Arora and Ms. Neetu Arora. All the partners have equal profit sharing in the firm. Mr. Sanjeev Pal Arora, Partner has been in various other businesses since 1975, who is assisted by all the other partners.

**Financial Performance:**

Net Operating income of the firm for FY 16 was Rs. 7.57 Crores as compared to Rs. 4.68 Crores in FY 15. Profit after tax stood at Rs. 0.04 Crores for FY16 as compared to Rs. 0.01 Crores in FY15. AFF's Net worth for FY 16 stood at Rs. 2.47 Crores. Debt Equity for FY 16 was at 4.16 times.

**Rating Outlook:**

The outlook is expected to be stable for the current year. Going forward, ability of the firm to improve its scale of operations, to increase its revenue and profit margin, reduce its gearing with infusion of capital and to manage its working capital cycle effectively will be the key rating sensitivities.

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**Anand Frozen Foods**

**ANNEXURE I: PROFIT AND LOSS ACCOUNT**

(Rs in Crs)

Particulars	FY 2014 (A)	FY 2015 (A)	FY 2016 (PvI)
<b>Net Sales</b>	<b>0.11</b>	<b>4.68</b>	<b>7.57</b>
Other operating Income	0.00	0.00	0.00
<b>Total Operating Income</b>	<b>0.11</b>	<b>4.68</b>	<b>7.57</b>
Cost of Goods sold	(0.55)	2.77	5.86
<b>Total Operating Expenses</b>	<b>(0.54)</b>	<b>2.80</b>	<b>5.91</b>
<b>OPBDIT</b>	<b>0.65</b>	<b>1.87</b>	<b>1.66</b>
Depreciation charges	0.67	1.17	0.88
Interest & finance charges	0.12	1.00	0.84
<b>OPBT</b>	<b>(0.14)</b>	<b>(0.29)</b>	<b>(0.05)</b>
Non-Operating Income(Expenses)	0.05	0.30	0.09
<b>PBT</b>	<b>(0.09)</b>	<b>0.01</b>	<b>0.04</b>
Provision for Taxes	0.00	0.00	0.00
<b>PAT</b>	<b>(0.09)</b>	<b>0.01</b>	<b>0.04</b>

**ANNEXURE II: BALANCE SHEET**

(Rs in Crs)

Particulars	FY 2014 (A)	FY 2015 (A)	FY 2016 (PvI)
<b>Partner's Capital</b>	<b>2.99</b>	<b>2.99</b>	<b>2.47</b>
<b>Non-current liabilities</b>	<b>7.82</b>	<b>7.57</b>	<b>6.57</b>
Long-Term Borrowings	7.07	6.82	5.82
Other long term liabilities	0.75	0.75	0.75
<b>Current liabilities</b>	<b>4.37</b>	<b>5.35</b>	<b>4.76</b>
Short term borrowings	3.45	4.04	4.46
Trade Payable	0.58	0.53	0.20
Other Current Liabilities	0.34	0.77	0.09
Short-Term provisions	0.00	0.01	0.01
<b>Total Liabilities</b>	<b>15.18</b>	<b>15.91</b>	<b>13.80</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>8.78</b>	<b>7.64</b>	<b>5.76</b>
Net Fixed assets	8.78	7.64	5.76
<b>Current assets</b>	<b>6.40</b>	<b>8.27</b>	<b>8.04</b>
Inventories	6.20	7.37	6.78
Cash and Cash Equivalents	0.08	0.06	0.87
Trade Receivables	0.00	0.00	0.07
Short term loans & advances	0.04	0.76	0.25
Other current assets	0.08	0.08	0.07
<b>Total Assets</b>	<b>15.18</b>	<b>15.91</b>	<b>13.80</b>

**Anand Frozen Foods**  
**ANNEXURE III: RATIOS**

Ratios		FY 2014 (A)	FY 2015 (A)	FY 2016 (PvI)
Total Debt/TNW	Times	3.51	3.63	4.16
ISCR	Times	5.26	1.87	1.98
Net Cash Accruals/Total Debt	Times	0.06	0.11	0.09
Net Profit Margin	%	(77.34)	0.03	0.56
Operating profit margin	%	575.95	40.10	21.94
ROCE	%	(0.13)	5.17	5.90
Current Ratio	Times	1.47	1.55	1.69
Days Inventory	Days	(2038)	441	217
Days Receivable	Days	0	0	1
Days Payable	Days	15	21	11
Conversion Cycle	Days	(2052)	419	207

***(Financial Ratios are as per BWR's Calculations)***