

Press Release

Bakewell Biscuits Private Limited

November 26, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 28.36 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable
Short Term Rating	ACUITE A4+

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB-**' (**read as ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) to the Rs.28.36 crore bank facilities of Bakewell Biscuits Private Limited (BBPL). The outlook is '**Stable**'.

BBPL, incorporated in 2004, is based out of Gujarat and promoted by Mr. Mohammed Raish G. Suthar and Mr. Hiteshkumar B. Patel. The company is engaged in manufacturing of biscuits and confectionery products. The company is a 100 percent export unit with its registered brand name 'FUN2'. The company is ISO22000-2005 certified, FSSAI, FDA certified and Halal certified. Currently, the company has a manufacturing unit at Modasa (Gujarat) with an installed capacity of 19680 ton per annum.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Bakewell Biscuits Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

BBPL is engaged in manufacturing biscuits and confectionery products for the last 13 years. Thus, the promoters have more than a decade of experience in this business. The company is engaged in manufacturing biscuits and recently added new products in this line of business.

- **Infusion of capital by Promoters**

The promoters have infused capital in the business which is visible with year on year increase in net worth over and above the net profit earned. BBPL has increased its authorised capital to Rs.3.00 crore.

- **Healthy revenue growth**

BBPL currently operates on a small scale; however, the company has registered a CAGR of 40 percent over the last 4 years from FY2015 to FY2018. The revenue has increased from Rs.12.72 crore in FY2015 to Rs.33.53 crore in FY2018 (Provisional) mainly on account of increase in capacity and adding new products in this line of business.

Weaknesses

- **Working capital intensive nature of operations**

BBPL extends around 90 days credit to customers and takes advances of around 10-30 percent. It avails 180 days packing credit. The company has Gross Current Assets (GCA) of 244 days in FY2018 (Provisional) as against 186 days in FY2017. Such high GCA is on account of debtors of 115 days in FY2018 as against 101 days in FY2017.

- **Moderate financial risk profile**

The financial risk profile is moderate marked by adjusted net worth of Rs.9.89 crore as on 31 March, 2018 (Provisional) as against Rs.5.00 crore as on 31 March, 2017. For arriving at the net worth, the unsecured loan of Rs.2.08 crore has been considered as a part of equity as same is to remain in business for next few years. The client has given declaration to this effect. The adjusted gearing ratio improved to 2.29 times as on 31 March, 2018 (Provisional) as against 3.50 times as on 31 March, 2017.

Interest Coverage Ratio (ICR) stood at 2.16 times for FY2018 (Provisional) and 1.72 times for FY2017. Debt Service Coverage Ratio (DSCR) stood at 1.38 times for FY2018 (Provisional) and 1.50 times for FY2017. The adjusted total outside liabilities to tangible net worth (TOL/TNW) stood at 2.60 times as on 31 March, 2018 (Provisional) as against 4.17 times as on 31 March, 2017. The net cash accruals to total debt (NCA/TD) stood at 0.07 times in FY2018 (Provisional) as against 0.05 times in FY2017. The return on capital employed (ROCE) stood at 8.25 percent in FY2018 (Provisional) as against 11.45 percent in FY2017.

Outlook: Stable

Acuité believes that BBPL will continue maintain 'Stable' outlook over the medium term from its promoters' industry experience. The outlook may be revised to 'Positive' in case the company generates substantial and sustainable revenues or operating margins resulting into improvements in its existing business risk profile. Conversely, the outlook may be revised to 'Negative' in case the working capital cycle elongates thereby resulting into stretch in its liquidity position or in case it undertakes significant debt funded capital expenditure.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	33.53	31.85	25.97
EBITDA	Rs. Cr.	3.09	3.13	2.09
PAT	Rs. Cr.	0.53	0.17	0.12
EBITDA Margin	(%)	9.21	9.81	8.06
PAT Margin	(%)	1.57	0.55	0.44
ROCE	(%)	8.25	11.45	9.35
Total Debt/Tangible Net Worth	Times	2.29	3.50	5.07
PBDIT/Interest	Times	2.16	1.72	1.79
Total Debt/PBDIT	Times	6.61	5.38	7.95
Gross Current Assets (Days)	Days	244	186	175

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	8.36	ACUITE BB- / Stable
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE A4+

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About Acuité Ratings & Research:

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