

Press Release

Bakewell Biscuits Private Limited

August 24, 2020

Rating Withdrawn



Total Bank Facilities Rated*	Rs.28.36 Cr.
Long Term Rating	ACUITE BB- (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.28.36 Cr. bank facilities of Bakewell Biscuits Private Limited (BBPL).

The rating withdrawal is in accordance with the Acuite's policy on withdrawal of rating and on account of request received from the company and NOC received from the banker.

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'. BBPL is ISO22000-2005 certified, FASSAI, FDA certified and Halal certified.

Analytical Approach

Acuite has considered the standalone view of the financial and business risk profiles of BBPL to arrive at this rating.

Key Rating Drivers

Strengths

• Experienced management and established track record of operations

BBPL is engaged in the manufacturing of biscuits and confectionery products for the last 15 years. The company is engaged in manufacturing biscuits and have recently added new products such as a lollipop, bubble gum and toffee in the business.

• Funding support from promoters

The promoters have constantly infused capital in the business, which is visible with year on year increase in net worth over and above the net profit earned. The fund infusion has been done via quasi-equity capital, which stood at Rs.8.58 crore as on March 31, 2020 (Prov.) thus, funding support from promoters has led to reduced dependence on external borrowings.

• Moderate financial risk profile

The financial risk profile is moderate, marked by net worth of Rs.21.10 crore as on March 31, 2020 (Provisional) as against Rs.9.94 crore as on March 31, 2019. For arriving at the net worth, the unsecured loan of Rs.8.58 crore has been considered as a part of equity as the same is to remain in the business for the next few years. The gearing ratio improved to 1.33 times as on March 31, 2020 (Provisional) as against 2.38 times as on March 31, 2019. Interest Coverage Ratio (ICR) stood at 2.14 times for FY2020 (Provisional) and 2.22 times for FY2019. Debt Service Coverage Ratio (DSCR) stood at 1.22 times for FY2020 (Provisional) and 1.29 times for FY2019. The total outside liabilities to tangible net worth (TOL/TNW) stood at 1.49 times as on March 31, 2020 (Provisional) as against 3.09 times as on March 31, 2019.

Weaknesses

• Working capital intensive 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 396 days in FY2020 (Provisional) as against 215 days in FY2019. The high GCA is on account of high debtor days of 150 days in FY2020 (Provisional) as against 115 days in FY2019.

Liquidity position: Adequate

Liquidity of BBPL is adequate, marked by NCA in the range of Rs.1.37-2.01 crore during the last three years through 2019-20 (Provisional), while the maturing debt obligations were ~Rs.1.15 crore over the same period. The company maintains unencumbered cash and bank balances of Rs.0.18 crore as on March 31, 2020 (Provisional). The current ratio stood at 1.59 times as on March 31, 2020.

Rating Sensitivities

None

Material Covenants

None

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	38.01	39.53
PAT	Rs. Cr.	0.72	0.68
PAT Margin	(%)	1.91	1.72
Total Debt/Tangible Net Worth	Times	1.33	2.38
PBDIT/Interest	Times	2.14	2.22

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
22-Jul-2019	Term Loan	Long term	8.36	ACUITE BB- / Stable (Reaffirmed)
	Packing Credit	Short term	20.00	ACUITE A4+ (Reaffirmed)
26-Nov-2018	Term Loan	Long term	8.36	ACUITE BB- / Stable (Assigned)
	Packing Credit	Short term	20.00	ACUITE A4+ (Assigned)

***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 Loan	Not Available	7.65	Not Available	8.36	ACUITE BB- (Withdrawn)
Packing Credit	Not Applicable	7.50	Not Applicable	20.00	ACUITE A4+ (Withdrawn)

Contacts

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About Acuité Ratings & Research:

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