

Press Release

Amit Poultry Products

June 07, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 6.60 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) on the Rs. 6.60 crore bank facilities of Amit Poultry Products. The outlook is '**Stable**'.

Amit Poultry Products (APP) is a partnership firm promoted by Mr. Rakesh Kumar Garg, Mr. Amit Garg and Mr. Nitin Garg. The firm is engaged in trading of eggs and culled birds. APP has capacity of raising 1.5 lakh poultry birds. The firm supplies egg in the local market in Haryana via distributors.

Key Rating Drivers

Strengths

- **Extensive experience of promoters in poultry industry**

The partners possess more than two decade of experience individually in poultry business by virtue of their association with group companies, Nitin Poultry Farm and Amit Poultry Farm. The extensive industry experience of the partners has enabled the firm to establish a healthy relationship with its suppliers and customers.

Weaknesses

- **Small scale of operations:**

Established in 2016, the firm's operations are at nascent stage. The same is reflected in its operating revenue of Rs.10.87 crore in FY2018 (Provisional) compared to Rs.0.66 crore in FY2017.

Susceptibility of the industry to outbreaks of bird flu and other such communicable diseases :

Bird flu and other diseases are critical risks in the poultry business, which can affect demand and impact the prices. However, APP takes precautions by providing medicines/scheduled vaccines at their farms to mitigate the risk.

Analytical Approach

ACUITE has considered the standalone business and financial risk profile of Amit Poultry Products for arriving at this rating.

Outlook: Stable

ACUITE believes that APP will maintain a 'Stable' outlook in the medium term on the back of experienced partners. The outlook may be revised to 'Positive' in case the firm registers higher than expected revenues while maintaining comfortable profit margins. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and/or elongated working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	23.62	0.00	0.00
PAT Margin	(%)	0.24	0.00	0.00
ROCE	(%)	1.51	0.00	0.00
Total Debt/Tangible Net Worth	Times	1.63	0.00	0.00
PBDIT/Interest	Times	3.74	0.00	0.00
Total Debt/PBDIT	Times	22.81	0.00	0.00
Gross Current Assets (Days)	Days	931	0	0

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/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.acuite.in/criteria-manufacturing.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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.10	ACUITE B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	4.25	ACUITE B+ / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.25	ACUITE B+ / Stable

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About Acuité Ratings & Research:

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