



Press Release

A INNOVATIVE FOOD PRODUCTS LLP

October 11, 2018

Rating Assigned

Total Bank Facilities Rated*	Rs. 18.11 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**) to the Rs. 18.11 crore bank facilities of A Innovative Food Products LLP (AIFPL). The outlook is '**Stable**'.

AIFPL established 2015 is based at Ahmedabad (Gujarat). The firm is engaged in manufacturing of ready to make Snack pellets (papaddam) made from wide range of base ingredients (including starch base) such as wheat, potato, corn, tapioca, rice and mixed grains to name a few. The manufacturing facility is located at Ahmedabad with installed capacity of 8000 MTPA.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of AIFPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced Partners**

The key Partner's, Mr. Jayesh Dilipbhai Patel and Mr. Pankaj Dadhaniya have over a decade of experience in various industries. Other Partners, Mr. Ankit Hansaliya and Mr. Krunal Jayram Bhalodiya also possess seven years of experience in managing day to day operations for various manufacturing units through their association with other firms and companies. The experience and strong network of partners have helped the firm in establishing their market in packaged food industry in Gujarat.

- **Location advantage**

The factory is located at Ahmedabad and is well connected with the National Highway. This has helped the firm in easy transportation of their products to major targeted cities, thereby reducing logistic and operational cost.

Weaknesses

- **Nascent scale of operations**

AIFPL was established in 2015 and started its commercial operations in April 2017. For first year of operations, the firm has booked operating income of Rs.5.84 crore and registered net loss of Rs.5.41 crore for FY2018. Further, the installed capacity of 8000 MTPA was utilised at ~40.00 percent due to limited orders and customer base.

- **High competition**

The firm operates in a highly competitive industry characterised by large number of established and small players affecting its margins and bargaining power with customers. The firm being in early stage of operations also restricts its market to a certain extent

Outlook: Stable

Acuité believes that the outlook on AIFPL will remain 'Stable' owing to its experienced partners. The outlook may be revised to 'Positive' if the firm is able to improve on its overall financial risk profile or scale up operations with improvement in profitability margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	5.84	0.00
EBITDA	Rs. Cr.	-0.71	-0.05
PAT	Rs. Cr.	-5.41	0.01
EBITDA Margin	(%)	-12.19	0.00
PAT Margin	(%)	-92.52	0.00
ROCE	(%)	-16.11	0.09
Total Debt/Tangible Net Worth	Times	4.64	1.44
PBDIT/Interest	Times	-0.35	6.07
Total Debt/PBDIT	Times	-33.30	722.04
Gross Current Assets (Days)	Days	205	0

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	14.61	ACUITE B / Stable

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About Acuité Ratings & Research:

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