

Press Release

Collective Foods India LLP

D-U-N-S® Number: 86-138-8707

December 26, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 8.00 crore bank facilities of Collective Foods India LLP (CFIL). The outlook is '**Stable**'.

CFIL based out of Jamnagar is a Limited Liability Partnership firm incorporated on 17 May, 2018. The firm is promoted by Mr. Ramniklal Akbari, Mr. Jayeshkumar Akbari and Mr. Harsh Akbari. The firm will be starting with processing of ready to eat meal products under the brand name - 'Make Your Meal'. The product will have a shelf life of 3 to 6 month. The firm plans to setup its manufacturing unit in Jamnagar having 116000 sqft area. The project has commenced from October, 2018 and is expected to be complete by April, 2019. The commercial operations are expected to start from May, 2019. The total project cost is Rs.11.07 crore.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Collective Foods India LLP to arrive at the rating.

Key Rating Drivers

Strengths

• Growing market of Ready to Eat (RTE) food products

The major driving factors for the growth of Indian RTE segment are the presence of large population of Indian Diaspora abroad, Globalization of Indian food and its culture resulting in fast growing foreign markets, longer shelf-lives of RTE (12-18 months from date of manufacture). With the growing market opportunities, a number of large corporates are competing in the market; however, the need and demand for RTE preparations is fast increasing and also opening up opportunities for players in the SME sector. The Indian RTE food sector is worth Rs.250 billion and still growing.

• Stable management

The promoters, Mr. Ramniklal Akbari and Mr. Jayeshkumar Akbari have gained experience of over two decades in manufacturing brass screws, brass electrical wiring accessories, electronic components, copper terminal ends from its group company Woodgrip Industries Private Limited and cablegrip Industry. The management has developed healthy relations and network base with its customers based out at Saudi Arabia, Dubai, Kuwait, USA and UK. The second line of management (Mr. Harsh Akbari) aims to enter in new line of business i.e. Meal, ready to eat food processing industry.

Weaknesses

• Project execution risk

CFIL plans to enter into food processing industry through manufacturing and processing meal that is ready to eat. The project commenced from October, 2018 and is expected to be completed by April, 2019. The commercial operations are expected to start from May, 2019. The total project cost is Rs.11.07 crore which will be funded by own fund of Rs.3.13 crore, term loan of Rs.6.45 crore and working capital limit of Rs.1.50 crore.

Outlook: Stable

Acuite believes that CFIL will maintain a 'Stable' outlook and continue to benefit over the medium term owing to its stable management. The outlook may be revised to 'Positive' in case the company registers higher than expected revenues, profit margins and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of deterioration in profit margins and financial risk profile.

About the Rated Entity - Key Financials

The company is yet to commence commercial operations.

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

None

Any other information

Not applicable

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. Cr.)	Ratings/Outlook
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE B / Stable

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About Acuite Ratings & Research:

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