

May 09, 2014

**CARE ASSIGNS 'CARE BB/ CARE A4' RATINGS TO THE BANK FACILITIES OF  
AMRIT FRESH (P) LTD****Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	19	CARE BB (Double B)	Assigned
Short-term Bank Facilities	1	CARE A4 (A Four)	Assigned
<b>Total</b>	<b>20</b>		

**Rating Rationale**

The above ratings are constrained by the short track record of Amrit Fresh Pvt Ltd (AFPL), small scale of operation with operating loss in the last few years, low capacity utilization of the dairy unit commissioned in May 2013, exposure to volatility in raw milk prices and availability and intense competition in the industry. The ratings also factor in the risk associated with the ongoing Skimmed Milk Powder (SMP) plant project. However, the ratings derive strength from the experience of the promoters with established brand image of the group, established procurement and marketing arrangements with strong distribution channels, low working capital intensity of the business and moderate gearing ratio. Successful implementation of the ongoing project, increasing scale of operation and improving profitability will remain the key rating sensitivities.

**Background**

AFPL was incorporated in June 2009, promoted by Mr G P Bagla and his son Mr Harish Bagla. The company is part of the Kolkata-based Amrit Group having presence across the country with business interests in animal feed, poultry, egg, processed chicken, dairy products, frozen foods and processed vegetables.

The group entered the dairy business in 2009 through AFPL as part of its diversification initiative. AFPL started operation with marketing of processed milk under the 'Amrit Fresh' brand using a third party set-up to process and pack raw milk. In January 2012, the company ventured into the project for setting up its own processing facility by acquiring an existing dairy unit in Barasat District, West Bengal. The project comprised of necessary renovation, capacity installation and technology upgradation in the unit resulting in total installed capacity of 150,000 ltr per day with production facilities for processed milk and other value-added products like lassi, curd, paneer, ice-cream, ghee etc. The dairy unit commenced operation in May 2013 and the SMP plant is expected to start operation by the end of May 2014.

On a total operating income of Rs.20.74 crore, AFPL achieved PAT (*after deferred tax*) of Rs.3.16 crore in FY13 (refers to the period April 1 to March 31). As per the estimated financials of FY14, AFPL earned PAT (*after deferred tax*) of Rs.0.19 crore on a total operating income of Rs.19.44 crore.

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*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

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