APRIL 22, 2015

CARE ASSIGNS ‘CARE BBB+’ AND ‘CARE A2’ RATINGS TO THE BANK FACILITIES OF ANKIT INDIA LTD

Ratings

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Amount (Rs. crore)</th>
<th>Ratings¹</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Bank Facilities</td>
<td>50.56</td>
<td>CARE BBB+ (Triple B Plus)</td>
<td>Assigned</td>
</tr>
<tr>
<td>Short-term Bank Facilities</td>
<td>5.00</td>
<td>CARE A2 (A Two)</td>
<td>Assigned</td>
</tr>
<tr>
<td>Total Facilities</td>
<td>55.56</td>
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<td></td>
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</tbody>
</table>

Rating Rationale

The aforesaid ratings derive strength from the successful track record of Ankit India Limited (AIL), experienced promoter with a well-qualified management team, a reputed client base, comfortable capital structure and satisfactory capacity utilization of the flour mill division. The ratings, however, remain constrained by the modest scale of operation, declining trend of PBILDT margin, the susceptibility of the raw material availability to the change in government policies and the vagaries of nature, limited pricing power on account of the competitive nature of the industry and geographical concentration risk.

The ability of the company to increase its scale of operation and profitability margin while maintaining the capital structure, are the key rating sensitivities.

Background

AIL was promoted in 1981 by Mr. Hitesh Chandak as Pick up Investment Ltd, initially engaging in the business of investment and finance. The company changed its name to the current Ankit India Limited in 1995. AIL set up its first roller flour mill with an installed capacity of 54,000 MTPA in the year 2000, which has gradually expanded to the present capacity of 1,65,750 MTPA. As part of its diversification strategy, the company set up a paddy processing unit with captive co-generation facility (rice mill) with an installed capacity of 2,16,000 MTPA, in 2009. Revenue from the flour mill division and rice mill division constituted 85% and 14% respectively of the gross sales in the FY14 (refers to the period from April 01 to March 31).

In FY14, AIL earned a PBILDT of Rs.13.42 crore and PAT (after deferred tax) of Rs.4.1 crore on total income of Rs.243.9 crore. During H1FY15, AIL registered PAT of Rs.2.49 crore on net sales of Rs.136 crore.

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**For detailed Rationale Report and subscription information, please contact us at www.careratings.com

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications