

## Bikanervala Foods Private Limited

Instrument	Amount	Rating Action
	In Rs. Crore <sup>1</sup>	November 2016
Fund Based Limits	17.50	[ICRA]A+(stable) Assigned
Non Fund Based Limits	25.73	[ICRA]A1 Assigned
Term Loans	24.87	[ICRA]A+(stable) Assigned
Unallocated bank limits	23.90	[ICRA]A+(stable) / [ICRA]A1 Assigned

ICRA has assigned a long term rating of [ICRA]A+ (pronounced ICRA A plus) for Rs. 17.50 crore fund based limits and Rs. 24.87 crore term loans of Bikanervala Foods Private Limited (BFPL)\*. ICRA has also assigned a short term rating of [ICRA]A1 (pronounced ICRA A one) for Rs. 25.73 crore non fund based limits of BFPL. ICRA has also assigned [ICRA]A+/[ICRA]A1 ratings for the Rs. 23.90 crore unallocated limits of the company. The outlook on the long term rating is stable.

The assigned ratings take into account the long experience of BFPL's promoters, its strong market position in the packaged food industry on the back of established presence and strong brand equity of the 'Bikanervala' and 'Bikano' brands, its wide product portfolio and its well entrenched distribution network across Northern India. In addition, the company generates steady income from job work for Pepsico and royalty income on franchisee restaurants, both revenue streams fetching strong profitability. These factors have enabled BFPL to report healthy growth in its operating income with steady improvement in margins over the years. These factors coupled with inherently low working capital intensive nature of operations have resulted in strong cash flow generation for the company resulting into comfortable liquidity position. Strong accretion to reserves along with moderate capital expenditure requirements, have resulted in healthy capital structure as reflected by gearing of 0.35 times and robust debt coverage indicators marked by interest cover of 11.7 times, net cash accruals/total debt of 91% and debt/OPBDITA of 0.83 times as on March 31, 2016. Going forward, the expansion of manufacturing capacities and steady demand driven by established brand are expected to drive the growth in revenues.

However, the ratings are constrained by exposure of the company to competition from branded packaged foods players, from unorganized local players, and from counterfeits; and geographical concentration of revenues with presence largely in few states in Northern India. Further, the profitability of the company is vulnerable to sharp increase in raw material prices, although strong brand allows the company to revise the prices following raw material price movements. ICRA has taken note of the capital expenditure planned over the next two years, which is expected to result in increase in debt levels; however steady accruals and cash generation are expected to keep the debt coverage metrics intact. The ratings also factor in the fact that, being in the food industry, quality would remain a risk for the company.

Ability to maintain the growth in turnover as well as steady profitability, while maintaining the quality as well as the quantum and funding of capital expenditure remain the key rating sensitivities for the company.

### About the company

Bikanervala Foods Private Limited (BFPL) was incorporated in 1988 by Mr. Shyam Sunder Aggarwal. The company is engaged in manufacturing of snack foods – namkeens, sweets, biscuits, etc under the brand name of 'Bikano' through its manufacturing facilities situated in Delhi, Greater Noida and Rai. The company also owns and operates restaurants as well as franchisees under a chain of restaurants under the brand name of 'Bikanervala'.

### Recent Results:

BFPL reported a profit after tax of Rs. 22.2 crore on an operating income of Rs. 531.5 crore for the year ended March 31, 2016 as against a profit after tax of Rs. 20.5 crore on an operating income of Rs. 492.6 crore for the year ended March 31, 2015.

**November 2016**

<sup>1</sup> 100 lakh = 1 crore = 10 million

\* For complete rating scale and definitions please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



*For further details please contact:*

**Analyst Contacts:**

**Mr. Sabyasachi Majumdar**, (Tel. No. +91-124 4545304)  
sabyasachi@icraindia.com

**Mr. Ankit Jain**, (Tel. No. +91-124 4545865)  
ankit.jain@icraindia.com

**Mr. Harsh Jagnani**, (Tel. No. +91-124 4545394)  
harshj@icraindia.com

**Relationship Contact:**

**Mr. Jayanta Chatterjee**, (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500