



Asian Lakto Industries Limited

Instrument	Amount	Rating Action
Long Term - fund based	Rs. 13.00 crore	[ICRA]B-; Assigned
	Rs. 13.00 crore	

ICRA has assigned its long term rating of [ICRA]B- (pronounced ICRA B minus) to the Rs 13.00 crore fund-based bank facilities of Asian Lakto Industries Limited (ALIL).

ICRA's rating is constrained on account of ALIL's low profit margins on account of the intense competition in the industry. The rating also takes into account the seasonal nature of the business and the company's relatively modest scale of operations. The rating also factors in the company's high working capital intensity on account of high inventory levels. The reliance on bank borrowings for funding the working capital requirements has resulted in a leveraged capital structure. The low profitability coupled with the high debt levels has resulted in weak coverage indicators with elevated TD/OPBDITA* and weak NCA/TD†.

However, the rating factors in positively the extensive experience of the promoters in the beverage industry, the company's long track record of operations, its wide distribution network and established relationships with reputed clients.

Going forward, the ability of the company to improve its margins, scale up its operations and strengthen its coverage indicators will be the key rating sensitivities.

Company Profile

Incorporated in 1994, by Mr. Radhe Shyam Poddar, Mr. Gopal Poddar and Mr. Neeraj Poddar, ALIL was originally engaged in processing of flavoured milk. In 2007, the company diversified its business and started processing of fruit juice. In 2010, ALIL exited the flavoured milk business owing to continued losses. The company sells its fruit juices through various distributors and retail chains under the brand name of 'Mr. Fresh' in various flavours, viz. mango, apple, lichi, guava, mixed fruit, etc.

Recent Results

On a provisional basis, ALIL registered a profit after tax (PAT) of Rs. 1.3 crore on an operating income (OI) of Rs. 74.3 crore in FY15, as against a PAT of Rs. 1.01 crore on an OI of Rs. 70.76 crore in the previous year.

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For further details please contact:

Analyst Contacts:

Mr. Sabyasachi Majumdar (Tel. No. +91 124 4545304)

sabyasachi@icraindia.com

Relationship Contacts:

Mr. Vivek Mathur (Tel. No. +91-124-4545310)

vivek@icraindia.com

** TD/OPBDITA-Total Debt/Operating profit Before Depreciation, Interest, tax and Amortization

† NCA/TD-Net Cash Accruals/total Debt



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**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: 9871221122

Email: 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: 9821086490

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: 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: 9845022459

Email: jayantac@icraindia.com

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

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

Mobile: 9845022459

Email: 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: 989986490

Email: 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: 989986490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

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