

Rating Rationale

Brickwork Ratings assigns ‘BWR BB-’ & ‘BWR A4’ for the Bank Credit Facilities amounting to ₹ 6.50 Cr of A. N. Enterprise.

Brickwork Ratings has assigned the following **Ratings¹** to the Bank Loan Facilities amounting to ₹ 6.50 Cr of A. N. Enterprise (ANE).

Facility	Limits (₹ Cr)	Tenure	Ratings
Fund Based: Cash Credit	5.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) (Outlook : Stable)
Non Fund Based: Bank Guarantee	1.50	Short Term	BWR A4 (Pronounced BWR A Four)
Total	6.50	(INR Six Crores and Fifty Lakhs only)	

BWR has essentially relied upon the audited financial results of *A. N. Enterprise* up to FY13, provisional financials for FY14 projections for FY15 and information and clarifications provided by the company.

The ratings assigned to the bank facilities of *A. N. Enterprise* (ANE) factors primarily the experience of the promoters in liquor trade business as a distributor, reputed IMFL brands being traded by the company and its wide presence in the state. However, the rating is constrained by regulatory risk for the liquor trading sector, small scale of operations, constitution of the firm and working capital intensive nature of business operations.

Background:

West Bengal Based *A. N. Enterprise* (ANE) was incorporated in 2001 as a partnership firm by the managing Partners namely Mr. Narayan Chandra Das and Mr. Ajoy Kumar Das.

ANE is engaged in Wholesale Distribution of Indian Made Foreign Liquor (IMFL) from various reputed manufacturers and has distributorship for their brands in eight districts in West Bengal. The firm has a total number of 200+ retail shops in the region.

Management Profile:

ANE is a partnership firm promoted by to managing partners Mr. Narayan Chandra Das and Mr. Ajoy Kumar Das.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Business activities and Performance:

ANE has a strong foothold in the trading of domestic IMFL segments as well as with its various established brands with presence in several areas of West Bengal. PSL is a wholesale distributor of Indian Made Foreign Liquor (IMFL) such as United Breweries Ltd, ADB Pvt Ltd, IFB Agro Industries Ltd, Mount Shivalik Breweries Ltd, Pincon Spirit Ltd and SAB Miller India etc.; through a network of over 200 licensees.

Financial Performance

Turnover during FY13 has improved marginally to ₹ 29.97 Crores from ₹ 27.94 Crores in FY 12 registering a 7.26% growth. However; PAT was at ₹ 0.06 Crores in FY'13 consistently low over the last two years. Operating margin improved marginally in FY'13 by 2.43% . Receivables are moderate (for FY'13 at 57 days) and payables are less than a month which has strained the liquidity. The gearing ratio (Debt/TNW) was at 4.09x. As per the provisional financials, the firm has achieved ₹ 16.98 Crs for FY14.

Rating Outlook:

The Company's performance over the next year is expected to be stable. The ability of ANE to improve its scale of operations, net worth, gearing improve and establish ANE's presence in the State and compete with the existing players in the domain and optimally use the bank loan facilities will be the key rating sensitivities.

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