



Rating Rationale

Anant Alloys And Steel LLP

8 Jan 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 12.50 Crores of Anant Alloys And Steel LLP.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based: CC Term Loan	2.00 10.50	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook: (Stable)
Total	12.50	INR Twelve Crores Fifty Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon Anant Alloys & Steel LLP (AASL) Audited Financial Statements from FY17 to FY18 for ease in understanding and comparison. AASL has also provided the projected financial statements for FY19 & FY20, publicly available information and information / clarification provided by the AASL management.

The ratings assigned to the bank facilities of AASL draws strength from extensive experience of the promoters, timely onset of operations, moderate level of projected TNW, moderate projected coverage ratios.

The ratings are however constrained by moderate scale of operations, client concentration, low projected profit margin, lack of stability in production & profitability, weak liquidity profile.

Going forward the firm's ability to improve the scale of operations, improve and maintain the profitability & the debt servicing capability will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

Extensive experience of the promoters: The promoters Ramesh Goenka & Anil Goenka have been associated with the same business for the last 40 years.

Timely onset of operations: The project started the commercial operations on time without delays and has received all the requisite licenses & permissions.

Moderate level of projected TNW: Moderate level of projected TNW at Rs 8.68 Cr in FY19 as compared to Rs 3.76 cr in Fy18 as a result of ploughing back of profit & increase in unsecured loans from directors.

Moderate projected coverage ratios: Moderate coverage ratios with the projected ISCR & DSCR standing at 3.20x & 1.41x respectively in FY19 as compared to 0.00x respectively in FY18.

Credit Risks:

Moderate scale of operations: Moderate scale of operations with the projected operating income standing at Rs 49.32 Cr in Fy19 after the commercial operations began in October 2018.

Client concentration: The firm has visible client concentration as they received one bulk order from Abhishek Alloys amounting to ~Rs 25.00 Cr.

Low Projected profit margins: The projected profit margin is low at 1.05% in Fy19 as compared to 0.00% in Fy18.

Lack of stability in the production & profitability: As the firm commenced its commercial operations in October 2018, they still need time to stabilise their production and profitability.

Weak Liquidity profile: The company has a weak liquidity profile with the current ratio standing at 1.11x in FY18 though it improves to 1.77x in Fy19 pprojections.

Liquidity Profile: AASL's liquidity profile is driven by weak current ratio of 1.11x and overall interest coverage of 0.00x as the commercial operations commenced in October 2018.



Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Anant Alloys And Steel LLP** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Anant Alloys And Steel LLP(AASL) is a Limited Liability Partnership firm incorporated on 19 January 2017. It is associated to Bholaram Group who has a strong financial profile and is in the business of manufacturing steel for the last 40 years. AASL is the forward integration of the Bholaram group which uses Hot rolling process for saving the cost of production of finished goods making the price more competitive in market. They produce the finest quality steel TMT bars using the argon oxygen decarburization process under the name "Anant Shakti TMX 500". AASL is promoted by Ramesh Goenka & Anil Goenka. AASL is enjoying subsidy under package incentive scheme 2013 of Maharashtra government. Under the scheme the firm is eligible for 80% of subsidy for next 10 years.

Company Financial Performance

The projected coverage ratios are at an average level with the ISCR & DSCR standing at 3.20x & 1.41x respectively in FY19 as compared to 0.00x times in FY18. Against projected modest scale of operations , (operating revenue) at Rs 49.32 Cr in FY19, unit has received orders for sale of Rs 25.00 Cr from Abhishek Alloys in December 2018, whereas they have recorded a sale of Rs 2.57 Cr in a span of two months from the commercial date of operations (i.e in the months of October & November 2018).

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	0.00	0.00
EBITDA	₹ Cr	0.00	0.00
PAT	₹ Cr	0.00	0.00
Tangible Net worth	₹ Cr	3.00	0.00
Total Debt/Tangible Net worth	Times	2.83	0.00
Current Ratio	Times	1.11	0.00

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based: CC Term Loan	Long Term	2.00 10.50	BWR B+ (Pronounced as BWR B Plus) Outlook: (Stable)	NA	NA	NA
	Total		12.50	₹ Twelve Crores Fifty Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)- NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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