



Rating Rationale

Anil Electricals & Santary Goods Stores

26 July 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 16.00 Crores of Anil Electricals & Santary Goods Stores.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (June, 2017)	Present
Non Fund Based Bank Guarantee(BG) Proposed BG Proposed Letter of Credit	6.50 4.50 3.00	6.50 6.50 3.00	Short Term	BWR A4+ (BWR Single A Four Plus)	BWR A4+ (BWR Single A Four Plus) Reaffirmed
Total	14.00	16.00	INR Sixteen Crores Only		

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

Both LC and BG limits were proposed by the client in previous year also but bank has not sanctioned and yet to sanction the proposed limits for this year also

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY17, CA certified provisionals of FY18, publicly available information and the information/clarifications provided by the management.

The rating draws strength from the experience of the proprietor, long track record of the firm, revenue growth Y-O-Y, improved operating and profit margins, satisfactory interest coverage ratio and moderate net-worth. However, the ratings are constrained by small scale of operations, negative conversion cycle, inherent risk of the constitution of firm, working capital intensive nature of operations and highly competitive nature of industry.

Description of Key Rating Drivers

Credit Strengths: Experience of the proprietor is more than 30 years, the firm was established in the year 1987, revenue increased from Rs. 20.20 Crs in FY17 to Rs.21.40 Crs in FY17 and further increased to Rs. 41.66 Crs in FY18, operating profit margin increased from 4.04% in



FY16 to 6.87 % in FY17 & Net profit margin increased from 3.95 % in FY16 to 5.07% in FY17, Interest coverage ratio is at 3.30 times in FY17 and networth is reported at Rs. 7.83 Crs in FY17.

Credit Risks: Revenue of the firm reported at Rs. 21.40 Crs in FY17, Conversion cycle is at negative 87 days in FY17 and risk of the constitution of firm being proprietorship.

Going forward, the ability of the firm to further to increase its scale of operations, with improved profits and profitability margins, efficiently manage its working capital and timely completion of ongoing projects will be the key rating sensitivities.

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 **Anil Electricals & Sanitary Goods Stores** 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 firm

Anil Electricals & Sanitary Goods Stores was established in year 1987 , located at Siddipeta, Telangana. Mr. Srinivas, proprietor of the firm has more than 30 years of experience in executing electrical contract works. The firm is electrical contractor , engaged in planning, designing, installation, commissioning, inspection, erection, testing, maintenance, modification or repair, supply of material, etc of various electrical projects for government of Telangana and other state government organisation

Firm Financial Performance

The firm reported a total operating income of Rs.20.20 Crores in FY16 and Rs.21.40 Crores in FY17. Based on CA certified provisionals, revenue achieved of Rs. 41.66 Crs for FY18. Operating and net profit margins reported at 6.87% and 5.07% in FY17 as against 4.04% and 3.95% in FY16. Tangible net-worth of the firm is stood at 7.83 Crs in FY17. The firm is reported to have debt equity of 0.01 times in FY17.



Rating History for the last three years

Facility	Current Rating (2018)			Rating History		
	Type	Amount (₹ Crs)	Rating	28.6.2017	2016	2015
Non Fund Based	Short Term	16.00	BWR A4+ (BWR Single A Four Plus) Reaffirmed	BWR A4+ BWR Single A Four Plus)	Not Rated	
Total		16.00	₹ Sixteen Crores Only			

Status of non-cooperation with previous CRA - Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Provisionals	Audited
Operating Revenue	In Crores	41.66	21.40
EBITDA	In Crores	2.22	1.47
PAT	In Crores	1.88	1.09
Tangible Net worth	In Crores	9.18	7.83
Total Debt/Tangible Net worth	In Times	0.01	0.01
Current Ratio	In Times	2.29	1.22

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)



- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.