



Rating Rationale

Anil Kumar and Company

6th Feb 2017

Brickwork Ratings revises the ratings for the Bank Loan Facilities of Anil Kumar and Company

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating ^	
	Previous	Present		Previous* (September 2014)	Present
Fund Based					
Cash Credit	10.00	10.00	Long Term	BWR BB- (Pronounced BWR Double B minus) Outlook: Stable	BWR BB (Pronounced BWR Double B) Outlook: Stable Upgraded
Term loan	4.40	2.13			
Total	14.40	Rs. 12.13 Crores (Rupees Twelve Crores Thirteen Lakhs Only.)			

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

*BWR has put up a Press Release on 31 Dec 2016 about the Rating not being Reviewed due to lack of information.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the firm up to FY16, projected financials, publicly available information and information/clarifications provided by the management.

The rating continues to draw strength from the experience of promoters, established customer base, long presence in the market, locational advantages, and growth in sales in FY16. However, the ratings are constrained by lower profitability margins, moderate net worth, increasing Trade Payables and risks associated with commodity price fluctuations in an agro based industry.



Rating Outlook: Stable

BWR believes the **Anil Kumar and Company**'s 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, and Networth of the firm improves. The rating outlook may be revised to 'Negative' if the revenues go down, or profit margins show lower than expected figures, and overall gearing deteriorates.

About the Company

Anil Kumar and Company was established as a Partnership Firm in 1978. The firm is engaged in ginning, pressing and trading of cotton. Mr. Siddramappa B Annepanvar and Mr. Anil Kumar B Annepanvar are the key partners, and look after day-to-day activities. The firm's manufacturing unit is located at Amminabhavi, Dist.Dharwad, Karnataka and its office at Bijapur. The firm currently has 89 gins and 2 pressing units. The firm was initially started with a very small capacity, but due to periodical additions, is currently producing 100,000 bales per year. The firm procures raw cotton from farmers, APMC and through agents, and processed lint is sold to spinning mills.

Firm Financial Performance

AKAC reported total operating income of Rs.213.98 Crs and PAT of Rs. 0.29 Crs in FY 16 as against total operating income of Rs. 174.83 Crs and PAT of Rs. 0.18 Crs in FY15. Its Net worth was Rs. 8.09 crs in FY 16 (Rs. 7.26 crs in FY 15).

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	31 st December 2016	2015	4 th September 2014
1)	Cash Credit	Long term	10.00	BWR BB (Pronounced BWR Double B) Outlook: Stable	Rating Not Reviewed	-	BWR BB- Outlook: Stable
2)	Term Loan		2.13				



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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.