



Rating Rationale

AnilKumar And Company

31 July 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 10.71 Crores of AnilKumar And Company.

Particulars

Facility Fund based	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2017)	Present
Cash Credit Term Loan	10.00 2.13	10.00 0.71	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable (Reaffirmed)
Total	12.13	10.71	INR Ten Crores and Seventy One Lakhs Only		

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

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the firm up to FY17, FY18 provisionals certified by CA, projected financials of FY19 & FY20 and publicly available information and information/clarifications provided by the management.

The rating continues to draw strength from the experience of promoters, long relationship with customers, long track record of the firm in the market, increased profit margins and satisfactory debt coverage indicator. However, the ratings are constrained by reduced revenue growth High gearing, negative interest coverage indicator, negative liquidity position, risks associated with commodity price fluctuations, seasonality risk and inherent risk of the firm.

The ability of the Firm to further increase its revenues,, timely repayment of debt obligations, improve its profitability and overall financial risk profile and achieve geographical and customer diversification will be the key rating sensitivities.



Description of Key Rating Drivers

- **Credit Strengths:** Experience of the two partners is more than two decades, firm is established in the year 1978, relationship with customers is more than a decade and Debt coverage ratio reported at 1.40 times in FY18 and operating profit margin and net profit margins improved from 0.07% and 0.63% in FY17 to 0.15% and 1.03% in FY18.
- **Credit Risks:** Revenue reduced from Rs. 246.47 Crs in FY 17 to Rs 191.96 Crs in FY18 Gearing stood at 1.76 times in FY18, Interest coverage ratio reported at 1.22 times in FY18, Current ratio reported at 0.95 times in FY18 and inherent risk of firm being partnership.

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 **AnilKumar And Company** 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 Kumar and Company was established as a Partnership Firm in 1978. The firm is engaged in ginning, pressing and trading of cotton. Mr. Sidramappa B Aneppanvar and Mr. Anil Kumar B Aneppanvar 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

As per FY18 Provisionals certified by CA the Firm has reported revenue of Rs.191.96 Crs and PAT of Rs. 0.30 Crs.



Rating History for the last three years

S. No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	6. 2.2017	31.12.2016	04.09.2014
	Fund Based	Long Term	10.71	BWR BB (Pronounced as BWR Double B) (Outlook:Stable) (Reaffirmed)	BWR BB (Pronounced as BWR Double B) (Outlook:Stable)	Rating Not Reviewed	BWR BB- (Pronounced as BWR double B minus) (Outlook:Stable)
	Total		10.71	₹ Ten Crores and Seventy One Lakhs Only			

Status of non-cooperation with previous CRA -Reason and comments: Nil

Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2015	2016	2017	2018
Result Type		Audited	Audited	Audited	Provisionals
Operating Revenue	₹ in Crs	174.83	213.98	246.47	191.96
EBITDA	₹ in Crs	1.61	2.52	1.54	1.98
PAT	₹ in Crs	0.18	0.29	0.18	0.30
Tangible Net worth	₹ in Crs	7.26	8.09	8.95	10.57
Total Debt/Tangible Net worth	Times	3.80	1.94	1.85	1.76
Current Ratio	Times	0.90	0.89	0.92	0.95

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

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