



Rating Rationale

Anita International

26 Apr 2019

Brickwork Ratings revised/reaffirmed the ratings for the Bank Loan Facilities of ₹. 30.00 Crores of Anita International.

Particulars

Facilities	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Feb, 2018)	Present
(Fund based) Cash Credit#	(5.00)	(5.00)	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: <u>Stable</u> Upgraded	BWR BB+ (Pronounced as BWR Double B plus) Outlook: <u>Stable</u> Upgraded
(Non Fund Based) Letter of Credit	30.00	30.00	Short Term	BWR A4+ (Pronounced as BWR Single A four plus) Upgraded	BWR A4+ (Pronounced as BWR Single A four plus) Reaffirmed
Total	30.00	30.00	INR Thirty Crores Only		

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

Complete details of Bank facilities is provided in Annexure-I

Sub-limit of LC

Ratings: Upgraded/Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities

Brickwork Ratings has essentially relied upon the audited financial results upto FY 2018, projections upto FY 2020, publicly available information and information/clarifications provided by the concern's management.



The ratings continue to benefit from the experience of the proprietor, established relationship with the suppliers as well as customers, growing scale of operations and healthy tangible net worth and low gearing. The ratings are however, constrained by low operating profit margin, weak debt protection metrics and constitution of the entity as proprietorship concern.

Going forward, the concern's ability to maintain growth momentum in the operating revenue, improving operating profitability and debt protection metrics will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths

- ★ **Experience of the proprietor:** The proprietor, Mr. Subhash Chandra Kathuria carries rich experience of almost four decades in the same line of business. Mr. Subhash is Chairman of Synergy Steels Ltd, a flagship company of the group, which has enabled him to gain in-depth knowledge of the industry and the concern reaps the benefit of his knowledge and experience.
- ★ **Established relationship with the customers and suppliers:** The concern has been able to establish relationship of more than a decade with its suppliers due to the long track record of operations in the market.
- ★ **Growing scale of operations:** The concern's total operating revenue is growing as the concern has reported the total operating revenue of INR 57.34 crores in FY 2018 which grew by 28.34% from FY 2016 in which the total operating revenue was INR 34.74 crores. As per the information from the management, the concern has reported total operating revenue of INR 66.00 crores in FY 2019 (Provisional)
- ★ **Healthy tangible net worth and low gearing:** The net worth of the concern stood robust at INR 21.78 crores in FY 2018 by which enabled it to maintain its gearing levels low marked by Total Debt/TNW and TOL/TNW of 0.80x and 0.94x respectively in FY 2018.

Credit Weaknesses

- ★ **Low operating profit margin:** The concern's operating profit margin has remained low and stood at 0.20% in FY 2018 although the net profit margin is at a comparable level of 7.69% in FY 2018. The profitability is expected to remain at the same level in the medium term.
- ★ **Weak debt protection metrics:** The debt protection of the concern remained weak as marked by the DSCR and ISCR of 1.43x and 0.11x respectively in FY 2018 as compared with 0.98x and 0.41x respectively in FY 2017 due to low profit margins.



- ★ **Constitution of the entity:** The entity is constituted as proprietorship concern so it faces the inherent risk of capital being withdrawn at the time of personal exigency. This risk is quite evident from the withdrawal of capital in FY 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 **Anita International** 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 Concern

Established in 1994, Anita International is a New Delhi-based proprietorship concern owned by Mr. Subhash Chandra Kathuria who is a qualified engineer having rich experience of almost four decades in the line of business. The concern is engaged in importing and reselling of various types of grades of ferrous and non-ferrous items viz ferrous alloys, plastic and PVC raw material, paper, dyes and chemicals for yarn, rubber wood and other multiple items.

Liquidity Position

The concern's liquidity is supported by cash and cash equivalents of INR 0.15 crores in FY 2018. The total amount of fund based working capital facility of INR 5.00 crores which has been 70%utilized. The current ratio and quick ratio of the firm at 5.51 and 5.40x respectively in FY 2018 depicts adequacy.

Firm's Financial Performance

Key Parameters	Units	FY 2018	FY 2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	57.34	59.43
EBITDA	₹ Cr	0.17	0.66
PAT	₹ Cr	4.41	1.93
Tangible Net worth	₹ Cr	21.78	34.19

TOL/TNW	Times	0.94	0.91
Current Ratio	Times	5.51	2.70

Rating History for the last three years

S.No	Facilities	Current Rating (April 2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	(Fund Based) Cash Credit*	Long Term	(5.00)	BWR BB+ (Pronounced as BWR Double B plus) Outlook: Stable Upgraded	BWR BB (Pronounced as BWR Double B) Outlook: Stable Upgraded	NA	BWR BB- (Pronounced as BWR Double B minus) Outlook: Stable
2.	(Non Fund Based) Letter of Credit	Short Term	30.00	BWR A4+ (Pronounced as BWR Single A four plus) Reaffirmed	BWR A4+ (Pronounced as BWR Single A four plus) Upgraded	NA	BWR A4 (Pronounced as BWR Single A four)
	Total		30.00	₹ Thirty Crores Only			

* Sub-limit of LC

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

Any other information: NA



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [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, 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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 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.