



Rating Rationale

Anuradha Enterprises

12 Dec 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 4.90 Crores of Anuradha Enterprises.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating Assigned
Fund based	4.90	Long Term	BWR B Outlook Stable
Total	4.90	INR Four Crores And Ninety 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 primarily relied upon the audited financials of FY17 & FY18 and projected sales for FY 19, and publicly available information and the information / clarification provided by the firm's management.

The rating draws strength from the business experience of the management in the seeds, fertilizers & pesticide industry and its proven track record for close to two decades now. The rating factors the high demand nature of this industry considering the declining arable land and booming population of the country.

The rating is however constrained by the small scale of operations despite being in the business for close to twenty years and its deteriorating sales in three years. It is also constrained by the factors such as cyclical nature of demand, government regulations, price control through MSP etc.

Going forward the concern's ability to increase the scale of operations, infuse fresh capital, increase operating profitability and manage its working capital efficiently will be the key rating sensitivities.

Description of Key Rating Drivers

- **Credit Strengths:**

Highly experienced management: Mr. Adarsh Agarwal, the proprietor of the firm, has almost 38 years of experience in the industry.

Improving operating profit margins: Operating profit margin of the firm has improved over the past few years as it has increased to 3.70% in FY18 from 2.55% in FY17.



A high demand industry: The demand for seeds, fertilizers & pesticides will keep on growing considering the shrinking arable land in the country and a booming population.

- **Credit Risks:**

Deteriorating sales of the firm: Due to various market and environmental factors, the sales of the firm has deteriorated over the last three years wherein it has come down from Rs.22.39 in FY17 to Rs.18.57 in FY18.

Seasonal demand: Majority of the sales of the firm happens in the months of Jun-Aug & Nov-Jan, the sowing seasons of kharif and rabi crops respectively.

Stretched financial risk profile: The firm has a high level of gearing as reflected in the TOL/TNW (analyzed) of 3.75 times in FY18.

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 **Anuradha Enterprises** 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

Anuradha Enterprises is a proprietorship concern established on 01 Apr 1999 and Mr. Adarsh Agarwal is the proprietor of the firm. The firm is based in the town of Bahraich, Uttar Pradesh. The firm deals in the trading of fertilizers, seeds & pesticides. In FY18 the contribution of seeds was highest at 44%, fertilizer & fertilizer urea at 35% and pesticides at 21% in total sales of the firm.

Company's Financial Performance

The firm's operating profitability has been increasing over the past few years. The net profit margin has remained stagnant at around 0.35%. The gearing of the firm is moderately high at 3.75x in FY18 as the net worth has remained quite low. The debt protection metrics are low to moderate as ISCR is 1.04x in FY18 whereas the liquidity is moderate as reflected in current ratio of 1.40x.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	4.90	BWR B Outlook: Stable	NA	NA	NA
	Total		4.90	₹ Four Crores And Ninety Lakhs Only			

Status of non-cooperation with previous CRA: NA

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	18.57	22.39
EBITDA	₹ Cr	0.73	0.59
PAT	₹ Cr	0.07	0.08
Tangible Net worth (Analyzed)	₹ Cr	1.66	1.51
TOL / TNW (Analyzed)	Times	3.75	3.78
Current Ratio	Times	1.40	1.41

Hyperlink/Reference to applicable Criteria

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



Analytical Contacts	Media
<i>Satvinder Kumar Gakhar</i> <i>DGM Ratings</i>	media@brickworkratings.com
	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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.

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.