



Rating Rationale

Warner International

24th April 2017

Brickwork Ratings assigns “BWR B (Stable)/ A4” for Warner International’s (‘WI’ or the Firm) Bank Loan facilities aggregating Rs. 7.50 Crs

Particulars

| Facility Rated | Amount (Rs. Crs) | Tenure | Rating [^] |
|-----------------------------|--|------------|---|
| <u>Fund Based</u> OCC | 1.50 | Long Term | BWR B (Pronounced BWR Single B) Outlook: Stable |
| <u>Non-Fund Based</u> LC | 6.00 | Short Term | BWR A4 (Pronounced BWR A Four) |
| Total | 7.50 (Rupees Seven Crores and Fifty 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 principally relied upon the audited financials of Warner International for FY16, provisional financials for 9MFY17, projections upto FY19, publicly available information and information/clarifications provided by the management.

The ratings derive comfort from the business experience of the promoters and established relationships with the clients and suppliers. The ratings, however, are constrained by the small scale of operations, strained liquidity, intense competition and regulatory risk inherent in the pharmaceuticals industry.

Going forward, the Firm’s ability to increase its scale of operations, improve its working capital cycle (especially receivables and payables) and generate adequate cash flows for timely servicing of debt obligations would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes WI’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 margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and margins show lower than expected figures.



About the Firm

Warner International was established as a proprietorship concern in 2012, by Mr. Sandrapalli Venkataiah. The Firm was converted to a Partnership Concern in Sep 2015 with its registered office in Uppal, Hyderabad. Mr. Sandrapalli Venkataiah, Mr. Dasari Sada Siva Reddy, Mr. Immanuel John Bhandari and Mrs. K. Shanti are the current promoter partners of the Firm.

Warner International is engaged in wholesale trading of generic pharmaceutical products, both ingredients (raw materials for generic drugs) as well as finished products (generic drugs). The Firm has a leased warehouse of ~15,000 sq. ft. The clients are distributors as well as generic drug manufacturing companies. The Firm has ~ 10 distributors who in turn supply to 800 -1000 pharmaceutical stores in Telangana and Andhra Pradesh. Some of its clients are drug manufacturing companies from Baddi, Himachal Pradesh. Products traded by the Firm include Acnac MR, Anzyme, Caciwel, Diclo Rumatin, Fit-365, Nefdyl Cold, Nefdyl Balm, Methyl Cobalamine, Alpha Lipoic Acid, Cefpodoxime Proxetil, Mefenamic Acid etc.

Financial Performance

FY16 was the first year of business and for 7MFY16, the firm achieved Operating income of Rs.8.20 Crs and PAT of Rs. 0.05 Crs. On a provisional basis, it has achieved ~Rs. 25 Crs of operating income for FY17.

Rating History for the last three years:

| Sl No | Instrument/ Facility | Current Rating (April, 2017) | | | Rating History | | |
|-------|-------------------------|------------------------------|---------------------|----------------------------|----------------|-----------|-----------|
| | | Type | Amount (Rs. Crs) | Rating | 2016 | 2015 | 2014 |
| 1. | Fund Based | Long Term | 1.50 | BWR B (Outlook: Stable) | Not Rated | Not Rated | Not Rated |
| 2. | Non-Fund Based | Short Term | 6.00 | BWR A4 | Not Rated | Not Rated | Not Rated |

Hyperlink/Reference to applicable Criteria:

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



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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

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