

## Rating Report

### Brickwork Ratings assigns 'BWR BB-' to the Bank Loan Facilities amounting to ₹ 14.40 Cr of Anilkumar and Company

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Bank Loan Facilities amounting to ₹ 14.40 Cr of Anilkumar and Company ("AKAC" or "the Firm"):

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Fund Based: Cash Credit Term Loans</b>	<b>10.00 4.40</b>	<b>Long Term</b>	<b>BWR BB- (BWR Double B Minus ) Outlook : Stable</b>
<b>Total</b>	<b>14.40</b>	<b>(INR Fourteen Crores and Forty Lakhs only)</b>	

BWR has essentially relied upon the Firm's audited financial results upto FY13, provisional key financial figures of FY14, publicly available information and the information/ clarifications provided by the Firm.

The rating has factored the experience of promoters in the textile industry, the established track record of operations, long standing relationships with suppliers and customers, locational advantages and the ongoing expansion plan, which is expected to drive future revenue growth. The rating is constrained by the subdued financial risk profile marked by low net worth, geographical concentration and the susceptibility of its operating profitability to volatility in raw material prices and industry competition and risks related to project execution.

#### Background:

Anilkumar And Company (AKAC) was established as a Partnership Firm in 1978. The firm is engaged in ginning, pressing and trading of cotton. The firm's manufacturing unit is located at Bijapur, Karnataka. The firm currently has 38 gins and 2 pressing units. The firm was initially started with 400 bales and is currently producing 78000 bales per year.

The firm is currently implementing a new project involving setting up of a fully automatic and on-line processing plant with 41 gins and 1 press. The project cost of ₹ 6.250 Crores is proposed to be funded by term loans of ₹ 4.40 Crores and equity of ₹ 1.85 Crores. The said project is under implementation and expected to be completed by November 2014.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The customers of the firm are from Tamil Nadu and include Thyagarajar Mills, Sri Ramalinga Mills, Super Spinning Mills, Tirupur Textiles Ltd. and Premier Group of Mills. All the customers of the firm are located in Tamil Nadu. The raw material considered for the ginning operations is raw cotton/kappa cotton. The firm procures raw materials through farmers and through agents.

### Management:

The Partners of the Firm are Mr. Siddramappa B Aneppanavar, Mr. Anil Kumar B Aneppanavar, Ms Rekha A Aneppanavar and Ms. Poornima S Aneppanavar, who hold 20%, 20%, 30% and 30% respectively. All the partners are well experienced in this industry.

### Financial Performance:

Net Sales of the Firm increased from ₹ 114.97 Crores in FY 12 to ₹ 151.60 Crores in FY 13. Profit before tax has declined from ₹ 0.70 Crores in FY 12 to ₹ 0.43 Crores in FY 13 on account of increase in operating expenses in FY 13. AKAC's networth stood at ₹ 5.17 Crores as at March 31, 2013 and Overall Debt Equity Ratio was at 0.86 times in FY13. On a provisional basis, the Firm has achieved Net Sales and Profit before tax of ₹ 171.29 Crores and ₹ 1.82 Crores for FY14.

### Rating Outlook:

The outlook is expected to be stable for the current year. The ability of the Firm to significantly increase its revenues, pass on the fluctuations in raw material prices to customers, effectively execute its projects in a timely manner, improve its profitability and overall financial risk profile and achieve geographical and customer diversification will be the key rating sensitivities.

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## Anilkumar And Company

### ANNEXURE I: PROFIT AND LOSS ACCOUNT

Particulars	FY 11	FY 12	FY 13
Rs Crores	Audited	Audited	Audited
Net Sales	137.05	114.97	151.60
Other Operating Income	0.56	0.24	0.58
<b>Total Operating Income</b>	<b>137.61</b>	<b>115.21</b>	<b>152.18</b>
Operating Expenses	136.62	113.91	151.06
<b>OPBDIT</b>	<b>0.98</b>	<b>1.29</b>	<b>1.12</b>
Depreciation	0.00	0.00	0.06
<b>OPBIT</b>	<b>0.98</b>	<b>1.29</b>	<b>1.07</b>
Interest and Finance Charges	0.61	0.59	0.84
<b>OPBT</b>	<b>0.38</b>	<b>0.70</b>	<b>0.23</b>
Non-Operating Income( Expenses)	0.10	0.00	0.19
<b>PBT</b>	<b>0.48</b>	<b>0.70</b>	<b>0.43</b>

## Anilkumar And Company

### ANNEXURE II: BALANCE SHEET

Particulars	FY 11	FY 12	FY 13
Liabilities - Rs Crores	Audited	Audited	Audited
<b>Equity and Reserves</b>	<b>2.87</b>	<b>3.80</b>	<b>5.17</b>
Total Paid Up Equity Capital	2.40	3.10	4.74
Reserves and Surplus	0.48	0.70	0.43
<b>Non-Current Liabilities</b>	<b>0.88</b>	<b>0.00</b>	<b>0.00</b>
Long Term Borrowings	0.88	0.00	0.00
<b>Current Liabilities</b>	<b>51.85</b>	<b>28.83</b>	<b>29.73</b>
Short Term Borrowings	2.27	4.44	4.43
Trade Payables	48.80	24.10	24.67
Other Current Liabilities	0.56	0.22	0.51
Short Term Provisions	0.22	0.07	0.12
<b>Total Liabilities</b>	<b>55.60</b>	<b>32.64</b>	<b>34.90</b>
Assets			
<b>Non-Current Assets</b>	<b>6.12</b>	<b>7.57</b>	<b>8.49</b>
Net Fixed Assets	6.11	7.56	8.11
Capital Work In Progress	0.00	0.00	0.36
Non-Current Investments	0.00	0.01	0.01
<b>Current Assets</b>	<b>49.48</b>	<b>25.06</b>	<b>26.41</b>
Inventory	38.28	17.23	16.83
Trade receivables < Six months	7.08	5.92	7.51
Cash and Bank Balance	0.09	0.02	0.45
Short Term Loans and Advances	0.00	0.05	0.45
Other Current Assets	4.03	1.84	1.18
<b>Total Assets</b>	<b>55.60</b>	<b>32.64</b>	<b>34.90</b>

## Anilkumar And Company

### ANNEXURE III: RATIOS

Ratio	Units	FY 11	FY 12	FY 13
Total Debt	Crores	3.15	4.44	4.43
Tangible Net Worth	Crores	2.87	3.80	5.17
Total Debt/TNW	Times	1.09	1.17	0.86
TOL/TNW	Times	18.29	7.59	5.75
ISCR	Times	1.62	2.13	1.35
DSCR	Times	1.79	1.81	1.58
Net Cash Accruals/Total Debt	Times	0.15	0.16	0.11
Net Profit Margin	%	0.35	0.61	0.28
Operating Profit Margin	%	0.72	1.09	0.74
ROCE	%	16.35	17.62	11.98
Current Ratio	Times	0.95	0.87	0.89
Days Receivables	Days	19	21	16
Days Inventory	Days	103	90	42
Days Payable	Days	122	150	62