Rating Rationale

Brickwork Ratings assigns 'BWR BB' for the Bank Loan Facilities aggregating ₹ 8 Cr of Ankit Overseas

Brickwork Ratings (BWR) has assigned the following **Ratings**[1] for the Bank Credit Facilities of ₹ 8 Cr of Ankit Overseas

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit	**8.00**	**Long Term**	**BWR BB** (BWR Double B) **(Outlook:Stable)**
Total	**8.00**	**INR Eight Crores only**	

The rating factors, inter alia, the substantial experience of proprietor and his family in the business and demand for essential food products. However, the rating is constrained by small scale of operations, low tangible net worth, and high gearing levels due to high working capital requirements, high competition in the market.

Background:
Ankit Overseas was established as a proprietorship firm by Mr. Ankit Gupta on September 12, 2005. The firm is involved the business of trading rice, pulses and grains. Rice constitutes most of the sales of the firm. Among various rice vaieties Tiwari variety of Basmati rice constitutes up to 30% of the firm's total sales. The firm does not have any brand of its own, nor does it sell rice of any other brands. The firm has two associated concerns namely, Shree Ganesh Agro and Anand Prakash Ankit Kumar. All three concerns are involved in the same business and have taken cash credit loans with common collaterals and securities. The partners have experience of more than 25 years in the line.

Financial Performance
The firm's revenue has increased from ₹70.18Cr in FY12 to ₹90.27Cr in FY13 (provisional figures). Net profit of the firm in FY13 is quite low at ₹0.52Cr and Net Profit margin is 0.57%. Tangible Net Worth of the company is at ₹2.91Cr in FY13. The firm has no term loans, and the working capital facility from the bank is operated satisfactorily. Debt-Equity ratio of the

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

firm stands at 3.04x in FY13. Interest Service Coverage Ratio and Current ratio were 1.46x and 1.27x respectively in FY13.

Rating Outlook:

The rating reflects the position of the Company in the segment of the industry it caters to. Going forward, firm's ability to sustain revenue growth with improved profitability, ability to increase its net worth and reducing gearing levels will be key rating sensitivities. . Potential exists for consolidation among group concerns engaged in similar line of activity, for deriving benefits of scale.

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Annexure - I

Profit & Loss Account

Crores	FY11	FY12	FY13
Result Type	Audited	Audited	Provisional
Gross Sales	**62.38**	**70.18**	**90.27**
Net Sales	62.38	70.18	90.27
Total Operating Income	**62.38**	**70.18**	**90.27**
Operating Expenses	**61.23**	**68.77**	**88.63**
Operating Profit Before Depreciation, Interest and Taxes	1.14	1.41	1.65
Depreciation/Amortization/Impairment	0.01	0.01	-
Operating Profit Before Interest and Tax	**1.14**	**1.41**	**1.65**
Interest and Finance Charges	0.87	1.01	1.13
Operating Profit Before Tax	0.28	0.39	0.52
Profit Before Tax	0.28	0.39	0.52

Annexure II

Balance Sheet

₹ Lakhs	FY11	FY12	FY13
	Audited	Audited	Provisional
EQUITY AND LIABLITIES	**2.38**	**2.01**	**2.91**
Share capital	2.11	1.61	2.39
Reserves and Surplus	0.28	0.39	0.52
Non-current liabilities	**0.99**	**0.24**	**0.17**
Long-Term Borrowings	0.99	0.24	0.17
Current liabilities	**4.97**	**7.95**	**11.13**
Short-Term Borrowings	4.96	7.94	8.69
Trade Payables	-	-	2.44
Other Current Liabilities	0.01	0.01	-
Total Liabilities	**8.34**	**10.19**	**14.21**
ASSETS			
Current assets	**8.34**	**10.19**	**14.21**
Inventories	0.85	0.79	0.86
Trade Receivables < Six Months	7.23	9.04	12.57
Cash and Cash Equivalents	0.05	0.04	0.76
Short-Term Loans and Advances	0.20	0.32	0.03
Total Assets	**8.34**	**10.19**	**14.21**