

March 15, 2016

Facilities	Amount (Rs. Crore)	Rating
PC/CPC/PCFC	5.00*	SMERA A4 (Reaffirmed)
FDB/FBE/BRD	4.80^	SMERA A4 (Reaffirmed)
FCDB	0.10	SMERA A4 (Reaffirmed)
<b>Letter of Credit</b>	<b>0.40</b>	<b>SMERA A4 (Reaffirmed)</b>

\*Includes sublimit of CPC to the extent of Rs.2.00 crore and PCFC/BRD to the extent of Rs.3.00 crore.

<sup>^</sup>Includes sublimit of Duty Draw Back to the extent of Rs.0.60 crore.

SMERA has reaffirmed the rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.10.30 crore bank facilities of Anandsons Overseas Trading Private Limited (AOTPL). The rating continues to remain constrained by the company's average financial risk profile and small-scale of operations in an intensely competitive electrical component industry. The rating is further constrained by foreign exchange fluctuation risk. However, the rating draws comfort from the experienced management, long track record of operations and healthy margins.

### Update

AOTPL's operating income declined to Rs.27.90 crore in FY2014-15 (refers to financial year, April 01 to March 31) from Rs.34.68 crore in FY2013-14. For the period April 2015 to January 2016, , the company registered operating income of Rs.24 crore with expansion of customer base and repeat orders from existing clients. The operating margins improved to 6.46 percent in FY2014-15 from 4.42 percent in FY2013-14 due to fall in raw material prices. AOTPL has a average financial risk profile marked by gearing of 1.47 times as on March 31, 2015 compared to 1.63 times in FY2013-14 and moderate debt protection metrics with Interest coverage ratio at 1.40 times for FY2014-15.

### Rating Sensitivity Factors

- Managing foreign exchange risk
- Scaling up of operations while maintaining operating profit margins
- Efficient working capital management

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### About the Company

AOTPL, a government recognized export house was incorporated in 1979. The company is engaged in the trading of engineering and electrical accessories such as electrical conduit fitting and brass electrical parts. Since 1979, the company has been exporting to Malaysia and Singapore targeting large construction and infrastructure development corporations in developed as well as emerging markets. It has recently ventured into the markets of Saudi Arabia, USA, European Countries-majorly UK, Australia and South Africa.

For FY2014-15 (refers to financial year, April 01 to March 31), AOTPL registered net profit of Rs. 0.20 crore on net sales of Rs.27.90 crore as compared with net profit of Rs.0.22 crore on net sales of Rs.34.68 crore in the previous financial year.

### Contact List

Media/Business Development	Analytical Contact	Rating Desk
Mr. Suman M National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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