Press Release

08 July, 2017

Anandsons Overseas Trading Private Limited (AOTPL)

Rating Reaffirmed

Total Bank Facilities Rated *	Rs. 10.30 Cr.
Long Term Rating	SMERA B+ / Stable

Long term rating has been assigned on the request of the client
**Refer Annexure for details*

Rating Rationale

SMERA has reaffirmed the long term rating of **'SMERA B+' (read as SMERA B plus)** on the Rs. 10.30 crore bank facilities of Anandsons Overseas Trading Private Limited.

Anandsons Overseas Trading Private Limited (AOTPL), a government recognised export house was incorporated in 1979. The company is engaged in the trading and export of engineering and electrical accessories such as electrical conduit fittings and brass electrical parts. The company exports the aforementioned to Malaysia and Singapore targeting large construction and infrastructure development corporations in developed as well as emerging markets. It has recently ventured into Saudi Arabia, Australia, South Africa, USA, and European countries mainly UK.

Key Rating Drivers

Strengths

- **Long track record of operations and experienced management**
  AOTPL, incorporated in 1979 is led by Directors, Mr. Sudhir Chandrakant Anandpara, Ms. Meena Rajesh Anandpara and Ms. Varsha Sudhir Anandpara who possess more than two decades of experience in the said line of business.

- **Moderate financial risk profile**
  The financial risk profile is average marked by net worth of Rs. 5.64 crore as on 31 March, 2016 compared to Rs.5.38 crore as on 31 March, 2015. The debt equity ratio (gearing) stood at 1.35 times as on 31 March, 2016 compared to 1.47 times in the previous year. The interest coverage ratio stood comfortable at 1.68 times in FY2016 as compared to 1.40 times in FY2015. The NCA/TD stood at 0.08 times in FY2016 as against 0.05 times in FY2015.

Weaknesses

- **Small scale of operations**
  AOTPL operates on a moderate scale with operating income of Rs. 33.31 crore in FY2016, an improvement from Rs. 27.90 crore in FY2015. The revenue rose due to increase in volume along with prices of products. However, the operating income declined in FY2015 over FY2014 due to fall in demand for products in the international market.

- **Working capital intensive operations**
  The operations are working capital intensive marked by high gross current assets (GCA) of 149 days in FY2016 as compared to 155 days in FY2015 on account of high debtors of 106 days in FY2016 and 115 days in FY2015. The average working capital utilisation stood at ~80-85 percent in FY2016.

- **Thin profit margins**

  AOTPL continues to operate on a thin EBITA margin which stood at 5.50 percent in FY2016 compared to 6.46 percent in FY2015. The net profit margin increased to 1.24 percent in FY2016 from 0.72 percent in FY2015 due to increase in other income.

- **Susceptibility of profitability to volatility in raw material prices and forex rates**

  The raw material prices being highly volatile can impact profitability margins. Further, the company exports its products to Saudi Arabia, USA, UK among others and hence is exposed to fluctuations in forex rates.

Analytical Approach

For arriving at the ratings, SMERA has considered the standalone financial and business risk profile of AOTPL.

About the Rated Entity - Key Financials

For FY2015-16, AOTPL reported net profit of Rs.0.41 crore on operating income of Rs33.31 cr against profit of Rs.0.20 crore on operating income of Rs.27.90 crore in FY2015. The net worth stood at Rs.5.64 crore as on 31 March, 2016 as against Rs.5.38 crore as on 31 March, 2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - https://www.smera.in/criteria-default.htm
- Trading Entities - https://www.smera.in/criteria-trading.htm
- Financial Ratios And Adjustments - https://www.smera.in/criteria-fin-ratios.htm

Note on complexity levels of the rated instrument

https://www.smera.in/criteria-complexity-levels.htm

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
15-Mar-2016	PC/CPC/PCFC#	Short Term	INR 5	SMERA A4 (Reaffirmed)
	FDB/FBE/BRD^	Short Term	INR 4.8	SMERA A4 (Reaffirmed)
	FCDB	Short Term	INR 0.1	SMERA A4 (Reaffirmed)
	Letter of Credit	Short Term	INR 0.4	SMERA A4 (Reaffirmed)
10-Aug-2015	PC/CPC/PCFC#	Short Term	INR 5	SMERA A4 (Assigned)
	FDB/FBE/BRD^	Short Term	INR 4.8	SMERA A4 (Assigned)
	FCDB	Short Term	INR 0.1	SMERA A4 (Assigned)
	Letter of Credit	Short Term	INR 0.4	SMERA A4 (Assigned)

#Includes sublimit of CPC to the extent of Rs. 2.00 Crore and PCFC/BRD to the extent of Rs. 3.00 Crore.
^Includes sublimit of Duty Draw Back to the extent of Rs. 0.60 Crore.

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
PC/PCFC#	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA B+ / Stable (Reaffirmed)
FDB/FBE/BRD^	Not Applicable	Not Applicable	Not Applicable	4.80	SMERA B+ / Stable (Reaffirmed)
FCDB	Not Applicable	Not Applicable	Not Applicable	0.10	SMERA B+ / Stable (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	0.40	SMERA B+ / Stable (Reaffirmed)

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ABOUT SMERA

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