

Press Release

Anandsons Overseas Trading Private Limited

January 07, 2019

Rating Reaffirmed



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

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) to the Rs. 10.30 crore bank facilities of Anandsons Overseas Trading Private Limited (AOPL). The outlook is '**Stable**'.

AOPL, 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 Middle East countries targeting large construction and infrastructure development corporations in developed as well as emerging markets.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of AOPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Long track record of operations and experienced management**

AOPL is led by Directors, Mr. Sudhir Chandrakant Anandpara, Mr. Rajesh Anandpara, Mrs. Meena Rajesh Anandpara and Mrs. Varsha Sudhir Anandpara who possess almost four decades of experience in the said line of business.

- **Moderate financial risk profile**

AOPL has a moderate financial risk profile marked by moderate net worth, moderate gearing and moderate debt protection metrics. The net worth of the company stood at Rs.6.30 crore as on March 31, 2018 against Rs.5.90 crore as on March 31, 2017. The total debt of Rs.7.00 crore comprises Rs.0.91 crore long term loan from the bank, Rs.1.24 crore unsecured loans from the Directors and relatives and Rs.4.85 crore of short term finance from the bank. The gearing of the company stood at 1.11 times as on March 31, 2018 against 1.28 times as on March 31, 2017. The interest coverage ratio stood at 1.98 times for FY2018 against 1.89 times for FY2017. TOL/TNW stood at 1.85 times as on March 31, 2018 against 1.97 times as on March 31, 2017. Net Cash Accruals of the company stood at Rs.0.75 crore for FY2018.

Weaknesses

- **Small scale of operations**

AOPL operates on a moderate scale with operating income of Rs.31.31 crore in FY2018 against Rs.40.30 crore in FY2017. The revenue declined on account of fall in demand in the international markets.

- **Intensive working capital nature of operations**

AOPL's operations continued to remain working capital intensive marked by Gross Current Assets (GCA) of 155 days as on March 31, 2018 against 117 days as on March 31, 2017. This is dominated by high debtors of 104 days as on March 31, 2018 against 89 days as on March 31, 2017. The CC utilisation stood at ~90 percent for the last six months ending November, 2018.

• **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 middle-east countries and hence, is exposed to fluctuations in forex rates.

Outlook: Stable

Acuite believes that AOPL will maintain a 'Stable' outlook over the medium term from its promoters' extensive industry experience. The outlook may be revised to 'Positive' in case the company reports substantial growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profitability or a higher working capital requirement deteriorates capital structure or liquidity position of the company.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	31.31	40.30	33.31
EBITDA	Rs. Cr.	1.73	1.78	1.83
PAT	Rs. Cr.	0.51	0.45	0.41
EBITDA Margin	(%)	5.52	4.42	5.50
PAT Margin	(%)	1.63	1.10	1.24
ROCE	(%)	13.78	13.50	14.62
Total Debt/Tangible Net Worth	Times	1.11	1.28	1.35
PBDIT/Interest	Times	1.98	1.89	1.68
Total Debt/PBDIT	Times	3.37	3.76	3.60
Gross Current Assets (Days)	Days	155	117	149

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
05-Sep-2018	FDB/FBE/BRD	Long Term	4.80^	ACUITE B+ (Indicative)
	PC/PCFC	Long Term	5.00*	ACUITE B+ (Indicative)
	Letter of Credit	Long Term	0.40	ACUITE B+ (Indicative)
	FCDB	Long Term	0.10	ACUITE B+ (Indicative)
08-Jul-2017	PC/PCFC	Long Term	5.00*	ACUITE B+ / Stable (Reaffirmed)
	FDB/FBE/BRD	Long Term	4.80^	ACUITE B+ / Stable (Reaffirmed)
	FCDB	Long Term	0.10	ACUITE B+ / Stable

				(Reaffirmed)
	Letter of Credit	Long Term	0.40	ACUITE B+ / Stable (Reaffirmed)
15-Mar-2016	PC/PCFC	Short Term	5.00*	ACUITE A4 (Reaffirmed)
	FDB/FBE/BRD	Short Term	4.80^	ACUITE A4 (Reaffirmed)
	FCDB	Short Term	0.10	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	0.40	ACUITE A4 (Reaffirmed)

*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. Cr.)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	5.00*	ACUITE B+/ Stable (Reaffirmed)
FDB/FBE/BRD	Not Applicable	Not Applicable	Not Applicable	4.80^	ACUITE B+/ Stable (Reaffirmed)
FCDB	Not Applicable	Not Applicable	Not Applicable	0.10	ACUITE B+/ Stable (Reaffirmed)
Proposed	Not Applicable	Not Applicable	Not Applicable	0.40	ACUITE B+ / Stable (Reaffirmed)

*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

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About Acuite Ratings & Research:

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