

Press Release

Anandsons Overseas Trading Private Limited

June 02, 2021



Rating Downgraded

Total Bank Facilities Rated*	Rs.10.30 Cr.
Long Term Rating	ACUITE C (Downgraded from ACUITE B+/Stable)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE C**' (**read as ACUITE C**) from '**ACUITE B+**' (**read as ACUITE B plus**) on the Rs.10.30 crore bank facilities of Anandsons Overseas Trading Private Limited (AOTPL).

Reason for rating downgrade

The rating downgrade is based on recent interactions/feedback received from the banker of the company confirming overdue in the discounted bills.

About the rated entity

Mumbai-based, AOTPL was incorporated in 1979 by Mr. Sudhir Chandrakant Anandpara, Mr. Rajesh Chandrakant Anandpara, Mrs. Meena Rajesh Anandpara and Mrs. Varsha Sudhir Anandpara. AOTPL is engaged in the trading and exporting of engineering and electrical accessories such as electrical conduit fittings and brass electrical parts. The traded product portfolio has application in PVC insulated cables & flexes, copper rods and strips and brass cable glands among others. The company mainly exports to Middle East, South Asian and African countries.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experience management

AOTPL was incorporated in 1979 and has an established track record of operation of over 4 decades. The directors Mr. Sudhir Anandpara, Mr. Rajesh Anandpara, Mrs. Meena Rajesh Anandpara and Mrs. Varsha Sudhir Anandpara have more than four decades of experience in Wires & Cables industry. The extensive experience and long-standing presence of the promoter's in the business have helped them to maintain healthy relations with customers and suppliers. AOTPL exports to Golden International Establishment LLC, Sultanate of Oman, Safe Line Electrical & Mechanical LLC, UAE, and Lulu Rayyan Group, Doha among others.

Acuité believes that the company continues to benefit from the promoters' established presence in improving its business risk profile over the medium term.

Weaknesses

• Delay in servicing of bank facilities

The rating downgrade is based on recent interactions/feedback received from existing lenders of the company confirming overdue in the discounted bills.

• Intensive working capital operations

The working capital management of the company is intensive marked by Gross Current Asset (GCA) days of 111 days in FY2020 as against 123 days in FY2019. This is on account of low inventory period of 0 days in FY2020 as against 12 days in FY2019. Receivable days stood at 69 days in FY2020 as against 74 days in FY2019.

Acuité believes that efficient working capital management will be crucial to the company in order to maintain a stable credit risk profile.

• Competitive industry

AOTPL operates in a highly competitive industry characterised by large number of unorganised players mainly on account of low entry barriers. This can have an impact on the profitability margins of the company.

Rating Sensitivities

- Any elongation of the working capital cycle leading to deterioration in debt protection metrics.
- Timely regularization of overdue discounted bills.

Material Covenants

None

Liquidity Position: Stretched

The company has stretched liquidity marked by moderate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.0.66-0.75 crore during the last three years through 2018-20, while its maturing debt obligations were Rs.0.02-0.85 crore over the same period. The company working capital operation is intensive marked by gross current asset (GCA) of 111 days in FY2020 as against 123 days in FY2019. The company maintains an unencumbered cash and bank balances of Rs.0.05 crore as on March 31, 2020. The current ratio of the company stood at 2.04 times as on March 31, 2020.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	36.47	37.16
PAT	Rs. Cr.	0.52	0.47
PAT Margin	(%)	1.44	1.28
Total Debt/Tangible Net Worth	Times	0.64	1.04
PBDIT/Interest	Times	2.08	1.76

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

Not Applicable

Any other information

None.

Applicable Criteria

- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-61.htm>
- Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
16-Mar-2020	Packing Credit	Long Term	5.00	ACUITE B+/Stable (Reaffirmed)
	Post Shipment Credit	Long Term	4.80	ACUITE B+/Stable (Reaffirmed)
	Post Shipment Credit	Long Term	0.10	ACUITE B+/Stable (Reaffirmed)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
	Letter of Credit	Long Term	0.40	ACUITE B+/Stable (Reaffirmed)
07-Jan-2019	Packing Credit	Long Term	5.00	ACUITE B+/Stable (Reaffirmed)
	Post Shipment Credit	Long Term	4.80	ACUITE B+/Stable (Reaffirmed)
	Post Shipment Credit	Long Term	0.10	ACUITE B+/Stable (Reaffirmed)
	Letter of Credit	Long Term	0.40	ACUITE B+/Stable (Reaffirmed)
05-Sept-2018	Packing Credit	Long Term	5.00	ACUITE B+ (Indicative)
	Post Shipment Credit	Long Term	4.80	ACUITE B+ (Indicative)
	Post Shipment Credit	Long Term	0.10	ACUITE B+ (Indicative)
	Letter of Credit	Long Term	0.40	ACUITE B+ (Indicative)

***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/CPC/PCFC	Not Applicable	Not Applicable	Not Applicable	5.00*	ACUITE C (Downgraded from ACUITE B+/Stable)
FDB/FBE/BRD	Not Applicable	Not Applicable	Not Applicable	4.80^	ACUITE C (Downgraded from ACUITE B+/Stable)
FCDB	Not Applicable	Not Applicable	Not Applicable	0.10	ACUITE C (Downgraded from ACUITE B+/Stable)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.40	ACUITE C (Downgraded from ACUITE B+/Stable)

*Includes sublimit of CPC to the extent of Rs.2.00 Crore

^Includes sublimit of Duty Draw Back (DDB) to the extent of Rs.0.60 Crore

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About Acuité Ratings & Research:

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