

Press Release

Anand And Anand

August 06, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.80 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB-**' (**read as ACUITE BB minus**) on the Rs.8.80 crore bank facilities of Anand And Anand. The outlook is '**Stable**'.

Anand and Anand (AAA), a part of Anand group was incorporated in 1999 by Mr. Ashish Anand, Mr. Akhil Anand and family. It is ISO 9001: 2008 & 14001 certified firm. It is engaged in manufacturing of Cricket Tennis Balls and other types of Inflatable Balls with multicolored logos/crests. It sells under the brand name 'GURU'. Guru Cricket Tennis Ball is approved by Tennis Ball Cricket Federation of India.

Key Rating Drivers

Strengths

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

ANAND & ANAND established in 1999 under the banner of Anand Group has been on the national arena of sporting goods for well over 17 years now. It has its presence in this industry for almost two decades.

- **Average financial risk profile**

The financial risk profile of AAA is moderate marked by net worth of Rs.5.53 crore as on 31 March, 2018 (Provisional) as against Rs.4.90 crore as on 31 March, 2017. The gearing stood at 1.75 times as on 31 March, 2018 (Provisional) as against 1.78 times as on 31 March, 2017. The total debt of Rs.9.65 crore outstanding as on 31 March, 2017 comprises of Rs.3.03 crore as term loan, unsecured loan of Rs.2.92 crore and Rs.3.70 crore as a working capital limit from the bank. The ICR is moderate at 1.89 times in FY2018 (Provisional) as against 1.83 times in FY2017. The DSCR stood same at 1.83 times in FY2018 (Provisional) and FY2017. The net cash accruals stood at Rs.1.34 crore in FY2018 (Provisional) as against Rs.1.59 crore in FY2017. The NCA/TD stood at 0.14 times in FY2018 (Provisional) as against 0.18 times in FY2017.

Weaknesses

- **Working capital intensive operations**

The firm has working capital intensive operations marked by high Gross Current Assets (GCA) of 168 days in FY2018 (Provisional) as against 144 days in FY2017. This is majorly on account of high debtor holding period of 128 days in FY2018 (Provisional) as against 106 days in FY2017. The inventory days stood comfortable at 38 in FY2018 (Provisional) as against 33 days in FY2017. The creditor days stood at 42 days in FY2018 (Provisional) as against 31 days in FY2017. The bank limit utilisation stood at ~75 percent for the last six months ended May 2018.

- **Highly competitive and fragmented industry**

Sports goods industry is highly competitive and fragmented industry.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Anand and Anand to arrive at the rating.

Outlook: Stable

Acuité believes that the firm will maintain a 'Stable' risk profile over the medium term from its promoters experience in the industry and established track record. The outlook may be revised to 'Positive' in case the firm is able to register healthy revenues and sustain its profitability. Conversely, the outlook will be revised to 'Negative' in case of significant decline in revenue and profit margins and working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	23.94	27.06	25.80
EBITDA	Rs. Cr.	3.04	3.49	2.85
PAT	Rs. Cr.	0.22	0.33	0.30
EBITDA Margin	(%)	12.70	12.91	11.03
PAT Margin	(%)	0.92	1.20	1.15
ROCE	(%)	13.41	14.99	13.04
Total Debt/Tangible Net Worth	Times	1.75	1.78	2.41
PBDIT/Interest	Times	1.89	1.83	1.80
Total Debt/PBDIT	Times	3.17	2.49	4.02
Gross Current Assets (Days)	Days	168	144	159

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB- / Stable (Assigned)
Overdraft	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE BB- / Stable (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	1.80	ACUITE BB- / Stable (Assigned)

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About Acuité Ratings & Research:

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