

**Press Release**  
**ANAND AND ANAND**  
**May 23, 2024**



**Rating Reaffirmed and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Sho F
Bank Loan Ratings	7.00	ACUITE BB-   Reaffirmed & Withdrawn	-
Bank Loan Ratings	1.80	Not Applicable   Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	8.80	-	-

**Rating Rationale**

Acuite has reaffirmed and withdrawn its long-term rating of 'ACUITE BB-' (read as ACUITE double B minus) on the Rs. 7.00 crore bank facilities of Anand and Anand.

Also withdrawn the long-term rating on the Rs. 1.80 crore of proposed bank facilities of Anand and Anand without assigning any rating. The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company and No Objection Certificate received from the lender.

**Rationale for rating**

The rating factors the stagnant business and financial risk profile of the company marked by slightly declining trend in operating income and operating margin for the past 3 years ended on March 2024. Furthermore, the liquidity profile of firm is stretched marked by low net cash accruals against its maturing debt obligations. The firm generated cash accruals of Rs. 0.95 crore in FY2023 as against its maturing debt obligation of Rs. 1.04 crore in the same period. Utilization of working capital limits remains moderate at ~ 86 percent in six months ended in April 2024. The rating reflects elongated working capital cycle amid stretched receivables and high inventory levels, as reflected from 359 days of GCA days in FY2023 as compared to 300 days in FY2022. The financial risk profile has remained below average marked by high gearing and below unity debt coverage indicators due to decline in profits. The ratings continue to draw comfort from the experienced management, and long standing relationships with suppliers and customers.

**About the Company**

Punjab based, Anand and Anand (A&A), 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 balls with multi coloured logos/crests. It sells under the brand name 'GURU'. Guru Cricket Tennis Ball is approved by Tennis Ball Cricket Federation of India. Firm is undertaking diversification of its product portfolio by adding new products (Roller skate boards, Yoga Mats, and protective equipment like knee guards etc.). Present partners of the firm are Mr. Ashish Anand, Mr. Akhil Anand, Mr. Ashok Anand, Mrs. Shalini Anand, and Mrs. Shivani Anand.

**Unsupported Rating**

Not Applicable

## Analytical Approach

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

## Key Rating Drivers

### Strengths

#### Established track record of operations and experienced management

Anand and Anand established in 1999 under the banner of Anand Group has been on the national arena of sporting goods for well over 22 years now. The firm has been able to establish a long and healthy relationship with its customers and suppliers owing to the promoter's rich experience and the long track record of operations. Acuité believes firm will be benefitted over the medium term on the back of experience of management.

### Weaknesses

#### Financial risk profile

The financials of the firm are stagnant in nature in last three years as evident from its operating income and operating margin. Firm has recorded revenue of Rs. 21.16 crore in FY2023 as against Rs. 26.40 crore in FY2022. Operating profit of the firm declined and stood at Rs. 0.03 crore in FY2023 as against Rs. 0.36 crore. Operating margin decline to 9.73 percent in FY2023 as against 11.12 percent in FY2022. The decline was majorly on account of increase in raw material cost and decline in demand. Furthermore, the net profit margin of firm stood at 0.15 percent in FY2023 as against 1.36 percent in FY2022. ROCE of the firm has seen y-o-y dip in past three years to 4.94 percent in FY2023 from 11.39 percent in FY2021.

#### Working capital intensive nature of operations

Working capital operations of firm are intensive in nature as reflected by its gross current asset (GCA) days of around 359 days in FY2023 as against 300 days in FY2022. Inventory day stood at 172 days in FY2023 and 153 days in FY2022. Debtor days stood at 164 days in FY2023 as against 156 days in FY2022. The creditor days stood at 93 days in FY2023 as against 71 days in FY2022. Utilization of working capital limits remains moderate at ~ 86 percent in last six months ended April 2024.

## Rating Sensitivities

Not Applicable

## Liquidity Position

### Stretched

Liquidity profile of firm is stretched marked by low net cash accruals against its maturing debt obligations. The firm generated cash accruals of Rs. 0.95 crore in FY2023 as against its maturing debt obligation of Rs. 1.04 crore in the same period. Utilization of working capital limits remains moderate at ~ 86 percent in six months ended in April 2024. Firm has unencumbered cash and bank balances of Rs. 2.06 crore as on FY2023. The current ratio of the firm increased and stood at 1.93 times in FY2023.

## Outlook

Not Applicable

## Other Factors affecting Rating

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	21.16	26.40
PAT	Rs. Cr.	0.03	0.36
PAT Margin	(%)	0.15	1.36
Total Debt/Tangible Net Worth	Times	2.67	3.81
PBDIT/Interest	Times	1.86	2.05

### 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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
23 Feb 2023	Cash Credit	Long Term	7.00	ACUITE BB-   Stable (Upgraded from ACUITE B+)
	Proposed Long Term Bank Facility	Long Term	1.80	ACUITE BB-   Stable (Upgraded from ACUITE B+)
25 Feb 2022	Cash Credit	Long Term	5.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Secured Overdraft	Long Term	2.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	1.80	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.00	ACUITE BB-   Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.80	Not Applicable   Withdrawn

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Chayan Patra Associate Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:chayan.patra@acuite.in">chayan.patra@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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