

Press Release

Anukool India Private Limited

March 29, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 15.50 Cr.
Long Term Rating	SMERA BB / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (**read as SMERA BB**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs. 15.50 crore bank facilities of Anukool India Private Limited. The outlook is '**Stable**'.

AIPL (the erstwhile Anukool Aircon Private Limited) was originally set up in 1999 as a proprietorship firm by the Mumbai-based Mr. Sandeep Shenoy. The firm was reconstituted as a private limited company in 2004. AIPL provides services in designing, system engineering, supply, testing, installation and commissioning of heating, ventilation to name a few. The company also provides air-conditioning solutions.

Key Rating Drivers

Strengths

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

Mr. Sandeep Shenoy, Founder and CEO, has more than two decades of experience in the HVAC (heating, ventilation and air conditioning) industry. Mr. Sameer Ayyar, Vice President - Operations, has more than a decades experience in the contracting and fabrication industry.

- **Reputed clientele**

AIPL has a diversified and reputed client base which includes JP Morgan Chase, K Raheja, Dmart-Avenue supermarkets to name a few.

- **Average financial risk profile**

The financial risk profile of AIPL is moderate marked by interest coverage ratio of 1.23 times for FY2015-16 with moderate gearing of 1.26 times as on March 31, 2016.

Weaknesses

- **Moderate scale of operations**

The scale of operations is moderate evident from the revenue of Rs.33.66 cr for FY2015-16. The revenues of the company have been fluctuating during the period FY2013-14 to FY2015-16. AIPL registered revenue of Rs.37.26 cr in FY2013-14 and Rs.25.40 cr in FY2014-15.

- **Working capital intensive operations**

The operations of the company are working capital intensive with Gross Current Assets (GCA) of 165 days for FY2015-16 as compared to GCA of 263 days for FY2014-15 due to high inventory days.

- **Uneven profit margins**

The operating margins have been fluctuating with thin net margins. The EBIDTA margins fell from 4.05 per cent in FY2014-15 to 3.74 per cent in FY2015-16. The net margins are thin at 0.08 per cent

in FY2015-16.

• Competitive nature of industry

The industry is intensely competitive due to the presence of a number of unorganised players and threat from cheaper imports. Further, due to the intensely competitive nature of the industry, players have limited pricing flexibility and it is difficult to pass on any hike in raw material prices to customers.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company to arrive at the rating.

Outlook: Stable

SMERA believes that AIPL will maintain a 'Stable' outlook and benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher than expected revenue and improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of decline in profit margins and deterioration in the financial risk profile.

About the Rated Entity - Key Financials

For FY2015-16, AIPL registered profit after tax (PAT) of Rs.0.03 cr on operating income of Rs.33.66 cr as compared to loss of Rs.0.62 cr on operating income of Rs.25.40 cr. The networth of the company stood at Rs.5.92 cr as on March 31, 2016 as compared to Rs.5.13 cr as on March 31, 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>
- Entities In Services Sector - <https://www.smera.in/criteria-services.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)

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	8.50	SMERA BB / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA A4+
Letter of credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA A4+

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