

Press Release

Tandra Impex Private Limited

September 12, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) and short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 10.00 crore bank facilities of Tandra Impex Private Limited. The outlook is '**Stable**'.

Tandra Impex Private Limited (TIPL) is a Telangana based company incorporated in the year 2017 by Mr. Tandra Ramana Rao and family. It is engaged in trading of granite blocks. Its product line includes Maple red granite, Black red granite, Tan brown granite among others. The company procures granite blocks from Karimnagar and Warangal districts and supplies to the customers in Chennai, Bangalore and Hyderabad.

Key Rating Drivers

Strengths

- **Experienced management**

The promoter of the company Mr. Ramana Tandra possesses a decade experience in the granite business. He is also running a proprietorship firm 'Ramana Granite' since 2008, which is into mining of granite blocks. Further, he also possesses vast experience in the transportation business. Acuité believes that the company will benefit from the experience of the management in the industry over the medium term.

- **Locational advantage**

The trading unit located at Telangana which is near to Karimnagar and Warangal mines which offers visibility of raw material sources. This location also offers connectivity by different means like railways and road ways.

Weaknesses

- **Working capital intensive operations**

Operations of the company are working capital intensive marked by high gross current assets (GCA) of about 203 days in FY2018 (Provisional). This is mainly due to high inventory maintenance of about 112 days and debtors of about 85 days in FY2018. The same has led to full utilization of bank limits for the last six months through July FY2018. Acuité believes that operations are expected to be working capital intensive due to extended credit terms with the customers and high inventory maintenance.

- **Below average financial risk profile**

Financial risk profile of the company is below average marked by moderately high gearing (debt to equity ratio) and total outside liabilities to total net worth (TOL/TNW). However, the same was underpinned by moderate debt protection metrics. Gearing is moderately high at 2.83 times as on March 31, 2018 due to low net worth and high dependence of external borrowings for working capital management. Net worth stood at Rs.3.47 crore and short term debt stood at 9.83 crore in FY2018 (Provisional). TOL/TNW is high at 5.03 times as on March 31, 2018. Debt protection metrics of interest coverage ratio and net cash accruals to total debt is moderate at 2.22 times and 0.09 times respectively in FY2018. Acuité believes that, financial risk

profile of the company is expected to be similar levels due to modest accretions to reserves and high dependence on external borrowings for working capital requirement.

Analytical Approach

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

Outlook: Stable

Acuité believes TIPL will maintain a stable business risk profile in the medium term on account of its experienced management and location advantage. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues while improvement its capital structure. Conversely, the outlook may be revised to 'Negative' in case of any further stretch in its working capital cycle leading to deterioration of its financial risk profile and liquidity.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	25.12	0.00	0.00
EBITDA	Rs. Cr.	1.38	0.00	0.00
PAT	Rs. Cr.	0.56	0.00	0.00
EBITDA Margin	(%)	5.48	0.00	0.00
PAT Margin	(%)	2.23	0.00	0.00
ROCE	(%)	31.02	0.00	0.00
Total Debt/Tangible Net Worth	Times	2.83	0.00	0.00
PBDIT/Interest	Times	2.22	0.00	0.00
Total Debt/PBDIT	Times	7.14	0.00	0.00
Gross Current Assets (Days)	Days	203	0	0

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.acuite.in/view-rating-criteria-6.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)

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	9.75	ACUITE B / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	0.25	ACUITE A4

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About Acuité Ratings & Research:

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