



Press Release
ANNA TRADERS
April 10, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.50	ACUITE B+ Stable Assigned	-
Bank Loan Ratings	1.50	-	ACUITE A4 Assigned
Total Outstanding Quantum (Rs. Cr)	15.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of 'ACUITE B+ (read as ACUITE B plus)' on the Rs. 13.50 Cr. and its short-term rating of 'ACUITE A4' (read as ACUITE A four) on the Rs. 1.50 Cr. bank facilities of Anna Traders (AT). The outlook is 'Stable'.

Rationale for Rating

The rating assigned reflects the management's industry experience and the firm's adequate liquidity position. However, the rating is constrained by the firm's small scale of operations coupled with limited experience in the EPC sector, below average financial risk profile and working capital intensive operations in a highly competitive and fragmented industry.

About the Company

Tamil Nadu- based, Anna Traders (AT) is a partnership firm established in 2015 by Mr. Jefferson Francis and Ms. Reenu Sebastian. The firm is engaged in trading of electrical goods. Anna Traders (AT) is transitioning as an EPC contractor, undertaking turnkey projects in partnership with other experienced contractors. Registered under MSME Udyam, the firm proposed to offer a range of electrical goods, fittings, HT and LT equipment as part of EPC project.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Anna Traders (AT) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced Management

Established in 2015, Anna Traders (AT) is managed by Mr. Jefferson Francis and Ms. Reenu Sebastian. The firm is engaged in trading of electrical goods, including insulators, iron channels, iron rods and wires. The partners have been engaged in the industry for approximately two decades. Additionally, the firm is supported by a qualified

management team. The partners extensive industry experience is evident in their strong and long-standing relationships with customers and suppliers.

Acuite believes, the firm will benefit from the extensive experience of the partners in maintaining long standing relations with suppliers and customers.

Weaknesses

Small scale of operations albeit improving profitability margins

AT operates on a small scale, as reflected in its operating income of Rs. 7.47 Cr. for FY2024, compared to Rs. 7.91 Cr. in FY2023 and Rs. 5.75 Cr. in FY2022. While operating margins remained low, they improved to 4.01

percent in FY2024 from 1.82 percent in FY2023, driven by contribution of ~ 23 per cent from the EPC segment. Similarly, Profit After Tax (PAT) margins increased to 2.59 percent in FY2024 as against 1.83 percent in FY2023. The firm reported a revenue of Rs. 4.41 Cr. in 11M FY2025 and aims to achieve revenue levels close to FY24 with 50- 60 per cent from EPC segment. Acuité believes that the firm's ability to register significant growth in its revenues while improving its profitability would be key a rating sensitivity.

Limited operational track record in EPC industry

The firm commenced undertaking EPC projects in FY24 which contributed ~ 23 per cent in revenues and is gradually transitioning as an EPC contractor. It has emerged as the L1 bidder for two projects with a combined value of approximately Rs. 20 Cr. However, compared to the established players in the industry, the partners have limited experience in EPC project execution.

Working capital intensive operations

The working capital operations of the firm are intensive in nature, marked by high GCA of 274 days in FY 2024, as compared to 204 days in FY 2023. Debtor days stood at 241 days as of March 31, 2024, compared to 149 days as of March 31, 2023. The inventory days were 30 days in FY 2024, compared to 49 days in FY 2023. Additionally, creditor days stood at 97 days in FY 2024, compared to 137 days in the previous year. Furthermore, reliance on working capital limits remained high, with utilization at approximately 87 percent over 6 months ending January 2025.

Acuité believes that the working capital operations of the firm would remain intensive on the back of the elongated debtor days and upcoming EPC projects.

Below Average financial risk profile

The financial risk profile of AT is below average, marked by low net worth, average gearing, and moderate debt protection metrics. The firm's net worth stood at Rs. 1.41 Cr. as of March 31, 2024 compared to Rs. 0.44 Cr. as of March 31, 2023. The gearing of the firm is average at 2.04 times as of March 31, 2024, compared to 3.67 times as of March 31, 2023. Further, debt protection metrics are moderate, with the debt service coverage ratio (DSCR) at 2.62 times in FY 2024, compared to 9.80 times in the previous year. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 3.43 times as of March 31, 2024, compared to 9.86 times as of March 31, 2023. The Net Cash Accruals to Total Debt (NCA/TD) stood at 0.08 times in FY 2024, compared to 0.12 times in the previous year. Acuité believes, the financial risk profile of the firm would remain below average on account of low net worth base.

Rating Sensitivities

Consistent Improvement in scale of operations and profitability margins.

Deterioration in working Capital cycle

Changes in Financial Risk Profile

Liquidity Position

Adequate

The firm's liquidity position is adequate, marked by moderate net cash accruals of Rs. 0.24 Cr. in FY2024 against its debt obligations of around Rs. 0.04 Cr. Further, the firm is expected to generate adequate cash accruals in the range of Rs. 0.29 – 0.98 Cr., compared to maturing repayment obligations of around Rs. 0.04 Cr. over the medium term. The cash and bank balance as of FY24 stood at Rs. 0.02 Cr. compared to Rs. 0.09 Cr. in FY23. The working capital limit utilisation is high at 87 percent ending January 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	7.47	7.91
PAT	Rs. Cr.	0.19	0.14
PAT Margin	(%)	2.59	1.83
Total Debt/Tangible Net Worth	Times	2.04	3.67
PBDIT/Interest	Times	3.80	9.80

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

None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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. Acuite'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.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE A4 Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.50	Simple	ACUITE B+ Stable Assigned

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About Acuité Ratings & Research

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