

## Rating Rationale

### Brickwork Ratings assigns 'BWR A4' for the Bank Loan Facilities aggregating ₹ 9 Cr of Anand Concast Limited

Brickwork Ratings (BWR) has assigned following **Rating<sup>1</sup>** for the Bank Loan Facilities sanctioned by Bank of Baroda for Anand Concast Limited ('ACL' or 'the Company').

Facility	Limits (₹ Cr)	Tenure	Ratings
PC / PCFC	4.50	Short Term	<b>BWR A4</b> (BWR A Four)
FBP / FBD	4.50		
<b>Total</b>	<b>9.00</b>	<b>INR Nine Crores only</b>	

(PC/PCFC: Packing Credit/Packing Credit in Foreign Currency FBD / FBP: Foreign Bills Discounting/Purchase)

BWR has principally relied upon the audited financial results for FY2009-10, FY2010-11, FY2011-12, FY2012-13 and projected financials for FY2013-14 of the Company, publicly available information / clarifications provided by the Company's management.

The rating has, inter alia, factored the promoter's background, the track record of the Company and established relationship with its Clients. The rating is however constrained by dependence completely on exports to weaker economies, non-current investments and volatility in currency.

#### Background:

Anand Concast Limited (ACL) is a limited company that deals in trading of field of Moped and Bicycle spares, apart from other Automobile Spares, Engineering Goods and Industrial Products. It has its business presence in the West African market (Burkina Faso, Guinea, Mali and Senegal etc.) .The Company's sales revenue over the years has been from exports. The Company's trading office is located in Ludhiana, India & representative office at Ningbo, China.

- The Company was incorporated in October 16, 1992 by Mr. Inderjit Gupta and other family members viz. Mr. Vinod Kumar Gupta, Ms. Meena Gupta, Mr. Anand Gupta, Mr. Vikas Gupta, Ms. Purnima Gupta and Mr. Pawan Aggarwal.
- The present shareholders of the Company are Mr. Vinod Kumar Gupta, Ms. Meena Gupta and Mr. Anand Gupta (As on March 31, 2013).

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Rating

- Mr. Vinod Kumar Gupta and his wife Ms. Meena Gupta currently sharing 54.76 per cent and 6.52 per cent respectively. Mr. Anand Gupta is son of Mr. Vinod Kumar Gupta sharing 38.72 per cent.
- ACL has two sister concerns, namely Rinox Engineering and Reyna Steel Limited.

The Company's core competency and business has been exploring export opportunities. The Company has 20 years of track record in the trading line and has done ₹ 60 Crores of export business in FY13 and ~ ₹28 Crores in H1FY14.

However, in recent financial year the revenues visibility from the trading business has been reducing due to slow down in the world trade and increased competition, although the Company has maintained its profit margin level with incentives like Focus Market Scheme and Focus Product Scheme from Indian Government.

#### **Management Profile:**

Mr. Vinod Kumar Gupta, the managing director, has 45 years of experience in the field of manufacturing steel casting and trading of Agriculture equipment's and sewing machine parts in the family concern. Since 1992, he and his father Mr. Inderjit Gupta have started this business with other family members. Ms. Meena Gupta has 25 years of experience in the trading business administration and wife of managing director. And Mr. Anand Gupta has completed Bachelor of Science from reputed an University ,The United States of America and has an experience over a decade in the same line of business and heading international marketing team under the leadership of his father Mr. Vinod Kumar Gupta.

#### **Financial Performance:**

During FY2012-13, the net revenues from operations decreased to ₹ 62.93 Crores from ₹ 73.28 Crores in FY2011-12, due to slow down of world trade and increased competition. The Company's operating profit margin decreased to 5.46 per cent in FY2012-13 from 7.68 per cent in FY2011-12 and the net profit margin to 3.55 per cent in FY2012-13 from 4.45 per cent in FY2011-12.

The tangible net-worth increased to ₹ 28.60 Crores in FY2012-13 from ₹ 26.12 Crores in FY2011-12. The Company avails working capital limits in the form of PC/PCFC (Packing Credit/Packing Credit in Foreign Currency) facility of ₹ 4.50 Crores and FBD / FBP ( Foreign Bills Discounting/ Foreign Bills Purchase) facility of ₹ 4.50 Crores from Bank of Baroda at a current ratio of 1.85 times for FY13.

**Rating Outlook:**

Going forward, the Company’s efforts to improve its revenues, maintain profit margin from export business and increase its exposure to weaker economies, mitigate the geographic concentration risk, achieve its projected turn-over, and maintain the operational efficiency will be the key rating sensitivities. The rating outlook is expected to be stable over the next one year.

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