



RATING RATIONALE

26 Nov 2019

Anand Duplex Ltd.

Brickwork Ratings Reaffirm the ratings for the Bank Loan Facilities of ₹23.00 Crores of Anand Duplex Limited

Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Dec 2018)	Present
Fund based	16.98	16.50	Long Term	BWR BBB- (Stable)	BWR BBB- (Stable) Reaffirmed
	3.00	3.00	Short Term	BWR A3	BWR A3 Reaffirmed
Non Fund Based	3.50	3.50			
Total	23.48	23.00	INR Twenty Three Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities is provided in Annexure-I&II

RATING ACTION / OUTLOOK

The rating draws strength from experience of the directors, satisfactory Interest Service Coverage Ratio, moderate Net Worth, low Gearing Ratio and increased Net Cash accruals to Total Debt Ratio. The rating however is constrained by decreased Total Operating Income, decreased Operating Profit Margin, and competitive nature of industry.

BWR believes the Anand Duplex Ltd.'s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term.

KEY RATING DRIVERS

BWR has essentially relied upon audited financial upto FY19, Projected financial FY20 and FY21, and information / clarification given by Company's management

- **Credit Strengths:**



Management team has sufficient experience in the industry. ISCR increased to 5.27x in FY19 from 3.79x in FY18. Net Worth stood at ₹38.63 Crs as on 31st Mar 2019. Gearing Ratio has reduced to 0.66x as on 31st Mar 2019 from 0.83x as on 31st Mar 2018. Net Cash accruals to Total Debt increased to 22% as on 31st Mar 2019 from 19% as on 31st Mar 2018.

- **Credit Risks:**

Operating Income has reduced to ₹132.05 Crs in FY19 from ₹135.5 Crs in FY18, mainly because of the decrease in the rate of duplex boards. Operating Profit Margin reduced to 6.27% in Fy19 from 6.45% in FY18.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at Anand Duplex Ltd.'s rating, BWR has considered standalone financial and business risk profile of Bulk Anand Duplex Ltd..

RATING SENSITIVITIES

Going forward, ability of the Company to improve its scale of operations by increasing the revenue growth, manage working capital efficiency and prompt servicing of debt obligation shall remain key rating sensitivity.

Positive: The rating outlook may be revised to positive and the rating may be upgraded if the company is able to improve Total Operating Income and Operating Profit Margins.

Negative: The rating may be downgraded if the company achieve lower revenue than projected financials.

LIQUIDITY POSITION

Company has cash accruals(PAT+Dep) of ₹5.95 in FY19. Cash & cash equivalent of ₹0.79 Crs as on 31st Mar 2019. Current ratio is at 1.32X as on 31st Mar 2019. High Net Cash Accruals to Total debt at 22% as on 31st Mar 2019.

COMPANY PROFILE

Anand Duplex Ltd is a Public Limited Company, incorporated on 22nd Sep 1989. Its registered office is located at Meerut in Uttar Pradesh. The Company is into the manufacturing business of Duplex Boards. Its manufacturing plant is located in Meerut having installed capacity of 60,000 MT per annum. Presently, the Company is utilizing its 83% of installed capacity. ADL is selling its products in UP, Delhi, Haryana, Rajasthan, Nepal, etc..

KEY FINANCIAL INDICATORS

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Operating Revenue	In ₹ Crs	135.5	132.02
EBITDA	In ₹ Crs	8.74	8.27
PAT	In ₹ Crs	3.47	4.35
Tangible Net worth	In ₹ Crs	33.88	38.63
Total Debt/Tangible Net worth	Times	0.83	0.66
Current Ratio	Times	1.26	1.32

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY: NA

RATING HISTORY

Facilities	Current Rating			Rating History		
	Tenure	Amount (₹ Cr)	Rating	13.12.2018	9.10.2017	2016
Fund Based	Long Term	16.50	BWR BBB- (Stable)	BWR BBB- (Stable)	BWR BB+ (Stable)	Not Rated
	Short Term	3.00	BWR A3	BWR A3	BWR A4+	
Non Fund Based		3.50				
Total		23.00	INR Forty Three Crores and Forty Three Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

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ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1.	State Bank of India	Cash Credit	16.50	-	16.50
2.		Stand By Line of Credit	-	3.00	3.00
3.		Letter of Credit	-	3.00	3.00
4.		Bank Guarantee	-	0.50	0.50
TOTAL					23.00

Total INR Twenty Three Crores only.

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