



Rating Rationale

Anand Duplex Ltd

13 Dec 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹23.48 Crores of Anand Duplex Ltd.

Particulars

| Facility | Amount (₹ Crs) | | Tenure | Rating* | |
|----------------|----------------|--------------|---|---|---|
| | Previous | Present | | Previous (Oct 2017) | Present |
| Fund based | 20.50 | 16.98 | Long Term | BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable | BWR BBB- (Pronounced as BWR triple B Minus) Outlook: Stable Upgraded |
| | - | 3.00 | Short Term | BWR A4+ (Pronounced as BWR A Four Plus) | BWR A3 (pronounced as BWR A Three) Upgraded |
| Non Fund Based | 3.50 | 3.50 | | | |
| Total | 24 | 23.48 | INR Twenty Three Crores & Forty Eight Lakhs Only | | |

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial upto FY18, projected financial FY19, FY20 and FY21, and information / clarification given by Company's management.

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.

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.

Description of Key Rating Drivers

Credit Strengths:

Two of Four Directors are having an experience of more than 3 decades in the industry. ISCR increased to 3.79x in FY18 from 3.36x in FY17. Net Worth stood at ₹33.88 Crs as on 31st Mar 2018. Gearing Ratio has reduced to 0.83x as on 31st Mar 2018 from 0.99x as on 31st Mar 2017. Net Cash accruals to Total Debt increased to 19% as on 31st Mar 2018 from 17% as on 31st Mar 2017.

Credit Risks:

Total Operating Income has reduced to ₹135.50 Crs in FY18 from ₹140.14 Crs in FY17, mainly because of decrease in the rate of duplex boards. Operating Profit Margin reduced to 6.45% in Fy18 from 6.64% in FY17.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Anand Duplex Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

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..

Company Financial Performance

Total Operating Income has reduced to ₹135.50 Crs in FY18 from ₹140.14 Crs in FY17. Net Profit increased to ₹3.47 Crs in FY18 from ₹3.41 Crs in FY17. Net Worth stood at ₹33.88 Crs as on 31st Mar 2018.

Rating History for the last three years

| S.No | Facility | Current Rating | | | Rating History | | |
|------|---|-------------------------|-------------------|---|--|----------------------|----------------------|
| | | Type | Amount (₹ Crs) | Rating | 9.10.2017 | 2016 | 2015 |
| 1. | Fund Based Cash Credit Term Loan Standby Line of Credit | Long Term | 16.50 | BWR BBB- (Pronounced as BWR triple B Minus) | BWR BB+ (Pronounced as BWR Double B Plus) | Not Rated | Not Rated |
| | | Long Term Short Term | 0.48 3 | | | | |
| 2. | Non Fund Based Letter of Credit Bank Guarantee | Short Term | 3 0.50 | BWR A3 (pronounced as BWR A Three) | BWR A4+ (Pronounced as BWR A Four Plus) | | |
| | Total | | 23.48 | INR Twenty Three Crores & Forty Eight Lakhs Only | | | |

Status of non-cooperation with previous CRA: Not known

Any other information: Not available



Key Financial Indicators

| Key Parameters | Units | 2018 | 2017 |
|-------------------------------|----------|---------|---------|
| Result Type | | Audited | Audited |
| Operating Revenue | In ₹ Crs | 135.5 | 140.14 |
| EBITDA | In ₹ Crs | 8.74 | 9.3 |
| PAT | In ₹ Crs | 3.47 | 3.41 |
| Tangible Net worth | In ₹ Crs | 33.88 | 30.36 |
| Total Debt/Tangible Net worth | Times | 0.83 | 0.99 |
| Current Ratio | Times | 1.26 | 1.24 |

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media



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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.