

## Rating Rationale

Anand Transport Pvt. Ltd.

28 Jun 2018

**Brickwork Ratings on a midterm review revises the ratings for the Bank Loan Facilities of ₹. 145.00 Crores of Anand Transport Pvt. Ltd. ('ATPL' or 'The Company')**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (31Mar2018)	Present
<b>Fund based</b>	70.00	35.00	<b>Long Term</b>	<b>BWR BBB-</b> (Pronounced as BWR Triple B Minus) <b>Outlook: Stable</b>	<b>BWR BBB</b> (Pronounced as BWR Triple B) <b>Outlook: Stable</b>
<b>Non Fund Based</b> Existing Proposed	75.00 0.00	75.00 35.00	<b>Short Term</b>	<b>BWR A3</b> (Pronounced as BWR A Three)	<b>BWR A3+</b> (Pronounced as BWR A Three Plus)
<b>Total</b>	<b>145.00</b>	<b>145.00</b>	<b>INR One Hundred and Forty Five Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://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 principally relied upon the audited financials upto FY17, provisional financials of FY18 projected financials of FY19 and FY20, publicly available information and information/clarifications as provided by the Company's management.

The rating upgrades take into account the order obtained from APGENCO which improves revenue visibility for the company, track record of the promoters in the industry, low debt equity level, absence of long term borrowings and favorable coverage indicators. However, the ratings are constrained by tender based nature of business, and high receivables position, reduction in the revenues in FY18 and stiff competition in the industry.

Going forward, ability of the company to bring down its receivables position, obtaining adequate new orders and sustain the debt equity levels will remain key rating sensitivities.



## Description of Key Rating Drivers

### Credit Strengths:

- **Tender awarded in favor of the company:** Company was able to obtain a new contract from APGENCO for an order value of Rs.99.95 Crores in June 2018. Company is also actively participating in fresh tenders with other Government organizations and is hopeful of further improving the revenue levels in FY19.
- **Experienced promoters and long track record:** Promoters of the Company have more than three decades of experience in this line of business. Company is in the business since 1987.
- **Low debt Equity Levels:** Company has reported low debt equity levels from last three years. Debt equity of the company was at 0.21X as on FY17. As on FY18, debt equity reported at 0.03X on account of minimal utilization of working capital facilities. Company also has no long term borrowings from external borrowers.
- **Favorable Coverage Indicators:** Company has reported favorable Interest and Debt service coverage indicators at 3.59 and 1.72 in FY17 and 3.90 and 3.04 in FY18 provisional financials.

### Credit Risks:

- **High Receivables Position:** As on 31 March 2017, company has shown receivables outstanding of Rs. 207.14 Crores. As per FY18 provisional financials, receivables outstanding less than six months was at Rs. 91.35 Crores and receivables exceeding six months was at Rs. 46.95 Crores.

## 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 Transport Pvt. 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

Established in 1987 as a partnership firm and later reconstituted as Anand Transport Private Limited in 2010, the Company is a part of the MGM group. Company is mainly engaged in business of stevedoring, ship chartering and transportation across major ports across the eastern coast of India. The core activity of the company involves shipment of coal within the country. Company participates in tenders with Government institutions for obtaining the orders for transportation of coal.

### Company Financial Performance

As per FY18 provisional financials, Company has reported decline in net turnover to Rs.103.87 Crores from Rs 394.43 Crores in FY17 on account of preclosure of tenders with Government

organizations. Although there is decline in scale of operations, company has shown improvement in operating and net profit margins in FY18 as compared to FY17. Tangible net worth of the company reported at Rs. 134.06 Crores as on 31 March 2018. ATPL has no long term external borrowings.

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	31Mar2018	21 Dec 2016	04 Sep 2015
1	Fund Based	Long Term	70.00	<b>BWR BBB</b> (Pronounced as BWR Triple B) <b>Outlook: Stable Upgraded</b>	<b>BWR BBB-</b> (Pronounced as BWR Triple B Minus) <b>Outlook: Stable</b>	<b>BWR BBB+</b> (Pronounced as BWR Triple B Plus) <b>Outlook: Stable</b>	<b>BWR BBB</b> (Pronounced as BWR Triple B) <b>Outlook: Stable</b>
2	Non Fund Based	Short Term	75.00	<b>BWR A3+</b> (Pronounced as BWR A Three Plus) <b>Upgraded</b>	<b>BWR A3</b> (Pronounced as BWR A Three)	<b>BWR A3+</b> (Pronounced as BWR A Three Plus)	<b>BWR A3</b> (Pronounced as BWR A Three)
<b>Total</b>			<b>145.00</b>	<b>₹ One Hundred and Forty Five Crores Only</b>			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: Nil

Any other information: Nil

### Key Financial Indicators

Key Parameters	Units	2016	2017	2018
Result Type		Audited	Audited	Provisional
Operating Revenue	₹ Crores	367.58	398.13	106.05
EBITDA	₹ Crores	32.46	34.90	16.43
PAT	₹ Crores	13.17	16.79	8.32
Tangible Net worth	₹ Crores	108.95	125.72	134.06
Total Debt/Tangible Net worth	In X	0.69	0.21	0.03
Current Ratio	In X	1.50	1.91	2.15

**Annexure-I**  
**Bank Loan Facility Details**

Name of the Bank	Facility	Tenure	Previous Limits Rs. Crs	Present Limits Rs.Crs
Axis Bank	Cash Credit	Long Term	25.00	25.00
	Bank Guarantee	Short Term	20.00	20.00
	<b>Sub Total-A</b>		<b>45.00</b>	<b>45.00</b>
SBI (Erstwhile SBH)	Cash Credit	Long Term	45.00	10.00
	Bank Guarantee	Short Term	55.00	55.00
	Existing Proposed		0.00	35.00
	<b>Sub Total-B</b>		<b>100.00</b>	<b>100.00</b>
<b>Grand Total (A+B)</b>			<b>145.00</b>	<b>145.00</b>

**Hyperlink/Reference to applicable Criteria**

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

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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