

Rating Rationale

Anand Transport Pvt Ltd

31Mar2018

Brickwork Ratings 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 (21Dec2016)	Present
Fund based	70.00	70.00	Long Term	BWR BBB+ (Pronounced as BWR Triple B Plus) Outlook: Stable	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable
Non Fund Based	75.00	75.00	Short Term	BWR A3+ (Pronounced as BWR A Three Plus)	BWR A3 (Pronounced as BWR A Three)
Total	145.00	145.00	INR One Hundred and Forty Five Crores 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: Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials upto FY17, provisional financials of FY18 up to March 21, 2018. projected financials of FY19 and FY20, publicly available information and information/clarifications as provided by the Company's management.

The ratings revision takes into account the preclosure of tender contracts with Government Organizations and high receivables position. The ratings are also constrained by tender based nature of business. reduction in the revenues in FY18 and stiff competition in the industry. However, the ratings are offset by track record of the promoters of the industry, low debt equity level, absence of long term borrowings and favorable coverage indicators.

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



Description of Key Rating Drivers

Credit Strengths:

- **Experienced promoters and long track record:** Promoters of the Company have more than three decades of experience in the 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. In FY17, debt equity of the company was at 0.21X. Company also has no long term borrowings from external borrowers.
- **Favorable Coverage Indicators:** Company has reported favorable Interest and Debt service coverage indicators at 3.59X and 1.72X respectively in FY17.

Credit Risks:

- **High Receivables Position:** As on 31 March 2017, company has reported revenues as its receivable position. Out of which 12% of revenues are shown in receivables exceeding more than six months. Company has reported days receivable of 159 days in FY17.
- **Preclosure of Tenders:** During Mar 2017, there was preclosure of tender contracts with Government Organizations, on account of which there was decline in scale of operations in FY18. However, company is actively participating in fresh tenders with the Government Organizations and is hopeful of improving the revenue levels in FY19.

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'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. 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 FY17 Audited financials, scale of operations improved by 14% i.e. from Rs. 345.77 Crores to Rs. 394.43 Crores. Operating and Net profit margins of the company reported at 8.77% and 4.22% in FY17 as against 8.83% and 3.58% in FY16 respectively. As on March 31, 2017 tangible net worth of the company



was at Rs. 125.72 Crores. Company has reported low debt equity of 0.21X in FY17. Interest and Debt service coverage indicators reported at 3.59X and 1.72X in FY17. Company has reported days receivable of 159 days in FY17.

As per provisional financials upto 21 Mar 2018 (April 1, 2017 to March 21, 2018) Company has reported net revenues of Rs. 127.66 Crores with Profit after Tax of Rs.10.10 Crores. Decline in scale of operations is on account of pre-closure of tenders with Government Companies.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	21 Dec 2016	04 Sep 2015
1	Fund Based	Long Term	70.00	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable (Downgraded)	--	BWR BBB+ (Pronounced as BWR Triple B Plus) Outlook: Stable	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable
2	Non Fund Based	Short Term	75.00	BWR A3 (Pronounced as BWR A Three) (Downgraded)	--	BWR A3+ (Pronounced as BWR A Three Plus)	BWR A3 (Pronounced as BWR A Three)
Total			145.00	₹ One Hundred and Forty Five Crores Only			

Key Financial Indicators

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

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
	Sub Total-A		45.00	45.00
SBH	Cash Credit	Long Term	40.00	45.00
	Bank Guarantee	Short Term	60.00	55.00
	Sub Total-B		100.00	100.00
Grand Total (A+B)			145.00	145.00

Hyperlink/Reference to applicable Criteria

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



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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, has also been 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 Nationalized 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, 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.

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.