



Rating Rationale

Anand Triplex Board Limited

1 Jun 2018

Brickwork Ratings assigns ratings for the bank loan facilities of Anand Triplex Board Limited (ATBL or 'the Company').

Particulars

Issue	Amount Rated (In Rs. Crs)	Tenure	Rating Assigned
Fund Based			
Cash credit	30.00	Long Term	BWR BBB- <i>(Pronounced as Triple B minus)</i> Outlook: Stable
Non-Fund Based			
Letter of Credit	6.00	Short Term	BWR A3 <i>(Pronounced as A three)</i>
Bank Guarantee	2.00		
Total	38.00	INR Thirty Eight Crores Only	

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

Long Term rating of BWR BBB- (Outlook: Stable) and short-term rating of BWR A3 assigned to Anand Triplex Board Limited ("the Company").

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While assigning the rating to the Company, BWR has factored in the long track record of operations, experienced promoters and their ability to infuse funds in the business, increase in scale of operations, established relations with customers, comfortable financial risk profile, and positive lender's feedback. However, the rating strengths are partially set off due to high customer concentration risks, high susceptibility to raw material prices and global cues, and presence of stiff competition from other major players participating in this segment.

Ability of the Company to increase the scale of operations, diversify the client base, hedge the raw material price volatility, and timely service the debt payment obligations will be the key rating sensitivities.

1 Jun 2018



Key Rating Strengths

- 1. The business risk profile well supported by established relations with customers:** The Company has strong past-track record of operations with major players in the North Indian market viz. Hindustan Times, Amar Ujala, Dainik Jagran, Dainik Bhaskar, and Rajasthan Patrika. The scale of operations increased by 8.96% in FY17 and by 4.31% in FY18 (unaudited), owing to the following advantages in the short to medium term - decline in the prices of waste paper, increase in finished product prices, and benefits from GST implementation. The Company also operates a 10 MW captive power plant. Surplus steam and electric power, over and above the requirements of the Company, are sold to Anand Duplex Ltd (a sister concern).
- 2. Comfortable financial risk profile:** The TOL: TNW ratio was at a comfortable level of 0.62 times in FY17 and has improved to 0.50 times in FY18 (unaudited). Coverage indicators were also recorded at a comfortable level viz. ISCR > 4 times in both FY17 and FY18 (unaudited); DSCR > 2 times in both FY17 and FY18 (unaudited). Liquidity position improved y-o-y due to increase in average net working capital from Rs.(-2.24) Crs in FY15 to Rs. 3.20 Crs in FY16 and Rs. 11.70 Crs in FY17. It is expected to improve to and Rs. 30.24 Crs in FY18 (unaudited).

Key Rating Weaknesses

- 1. High customer concentration risk:** Top 5 customers comprise ~95% of the total sales of the company in FY17 and FY18. It is a high customer concentration risk, since movement of one customer can adversely affect the operating income of the company to a large extent.
- 2. Increase in competition:** : Presence of high level of competition in the vicinity which can be mitigated only by economies of scale or lower prices of product offerings which might squeeze the profit margins.
- 3. Susceptible to volatility in raw material prices due to global cues:** The Indian newsprint industry is exposed global cues and any change in regulatory norms/ policies in China, in the short or medium term, which might result in higher imports from China, is likely to impact the profitability margins of domestic producers.

Analytical Approach (Wherever applicable): BWR has taken the financials of the Company on a standalone basis into consideration while determining the credit rating of the entity.

Rating Outlook: Stable

BWR believes the **Anand Triplex Board Limited'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 Entity

ATBL, incorporated in 1994, manufactures waste-paper-based newsprint and writing and printing paper, along with a 10-megawatt power generating unit for captive power usage. The sister concern, Anand Duplex Limited (ADL) was set up in 1989. ADL manufactures duplex board from waste paper. The companies are promoted by Mr. Naman Vats and Mr. Daman Vats, and have their manufacturing units in Meerut, Uttar Pradesh.

Company's Financial Performance

Particulars	Units	FY2017 (Audited)	FY2018 (Provisional- Management Certified)
Total Operating Income	Crores	192.40	200.71
EBITDA	Crores	15.71	21.08
PAT	Crores	5.01	13.91
TNW	Crores	87.47	101.03
TOL : TNW	Times	0.62	0.50
Current Ratio	Times	1.30	1.89

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No	Instrument/Facility	Current Rating (FY19)			Rating History		
		Type	Amount (Rs Crs)	Rating	FY18	FY17	FY16
1	Cash Credit	Long Term	30.00	BWR BBB- Outlook: Stable	NA	NA	NA
2	Letter of Credit	Short Term	6.00	BWR A3			
3	Bank Guarantee		2.00				
TOTAL			38.00	INR Thirty Eight Crores Only			

Status of non-cooperation with previous CRA (if applicable): CRISIL revised the rating to CRISIL BB/A4+ as on Feb 28 2018; ISSUER NOT COOPERATING from CRISIL BB/A4+ as on 26-11-2016

Any other information: NA

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Entities](#)



For any other criteria obtain hyperlinks from website

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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 ₹ 9, 30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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