

Rating Rationale

Anup Trade & Transport (P) Ltd.

25 Jun 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 18.00 Crores of Anup Trade & Transport (P) Ltd.(ATTPL or ‘The Company’)

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan,2018)	Present
Fund based Secured Overdraft	6.00	6.00	Long Term	BWR BB- (BWR Double B Minus) (Outlook:Stable)	BWR BB- (BWR Double B Minus) (Outlook:Stable) (Reaffirmed)
Non Fund Based Bank Guarantee	22.00	12.00	Short Term	BWR A4 (BWR A Four)	BWR A4 (BWR A Four) (Reaffirmed)
Total	28.00	18.00	(INR Eighteen 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: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the Company up to FY18, FY19 provisional financials, projections of FY20 to FY21 and publicly available information and information/clarifications provided by the management.

Description of Key Rating Drivers

Credit Strengths:

- Promoter and management’s experience of over two decades in the Logistics and Transportation industry,
- Operational working capital cycle is comparatively better than the industry, though marginally increased over the previous year
- For the increasing business needs, the company has purchased 12 new trucks through fund infusions by the promoters and bank borrowings,



- Debt and interest servicing on the borrowings is regular as informed by the lender, and also as reflected through its debt and interest protection metrics

Credit Risks

- Volatility in revenues impacting the profitability
- Thin net profit margins in FY18 and FY19 (Provisional),
- Tender based business operations
- Small scale of operations in a competitive industry

Key Rating Sensitivities

- Reduction in Bank Guarantee limits restricts the Company's flexibility to bid for projects
- The Company's ability to continue to increase the operating income by 20% on yoy basis,
- and manage the receivable days within 2 months or in proportion to the payable days in a Competitive environment, shall be the key rating sensitivities

Going forward, the company's ability to consistently increase its order book by establishing a track record of timely execution and realisation of receivables will be the other key monitorable

Liquidity

- The Company has cash accruals of Rs.1.74 Cr against the interest and finance cost of Rs.1.48 Cr for FY19
- It has liquid assets in the form of investments in fixed deposits and cash equivalents amounting to Rs.4 Cr.

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 **Anup Trade & 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

Anup Trade & Transport (P) Ltd. is into tender based business of logistics and transportation since its inception in November 1997 with an all India permit. The Company's head office is in Guwahati, with branch offices in Kolkata, Agartala, Dharmanagar, Bokajan and Tinsukia. The Company transports rice and other food grains for Food Corporation of India (FCI) for the entire North Eastern Region.



The orders are procured on tender basis. The company owns 26 trucks and hires nearly 50 trucks on a daily basis for transportation of food grains. Mr. Anup Kumar Jasrasaria is the Managing Director while Mr. Sumit Kumar Yadav and Mrs. Pushpa Jasrasaria are the other two Directors of the Company.

Company Financial Performance

The Company reported total revenues of Rs.30.81 Crs, Operating profit of Rs. 3.03 Cr and net profits of Rs. 0.25 Cr, as per provisional of FY19. The networth of the Company is Rs.7.72 Cr on a total debt of Rs.10.10 Cr as per Provisional FY19. The increasing receivable days as well as reducing payable days remain to be a concern going forward.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	09, Apr, 2019	08, Jan, 2018	2017
1.	Fund Based	Long Term	6.00	BWR BB- (BWR Double B Minus) (Reaffirmed)	Rating Not Reviewed BWR BB- (BWR Double B Minus)	BWR BB- (BWR Double B Minus) (Downgraded)	Not Rated
2.	Non Fund Based	Short Term	12.00	BWR A4 (BWR A Four) (Reaffirmed)	Rating Not Reviewed BWR A4 (BWR A Four)	BWR A4 (BWR A Four) (Downgraded)	Not Rated
Total			18.00	(₹Eighteen Crores Only)			

Status of non-cooperation with previous CRA (if applicable)-Not Applicable

Any other information: Not Applicable

Key Financial Indicators

Key Parameters	Units	2017	2018
Result Type		Aud.	Aud.
Operating Revenue	Rs. in Crs	26.12	25.70
EBITDA	Rs. in Crs	2.55	1.41
PAT	Rs. in Crs	0.57	0.16
Tangible Net worth	Rs. in Crs	7.30	7.46



Total Debt/Tangible Net worth	Times	1.06	1.39
Current Ratio	Times	1.72	1.64

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service 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.

Annexure 1

Name of the Bank	Tenure	Previous Amount Rated (Rs. in Crs)	Present Amount To be Rated (Rs. in Crs)
United Bank of India			
Secured Overdraft	Long Term	6.00	6.00
Bank Guarantee	Short Term	22.00	12.00
Total (Rs.Eighteen Crs Only)		28.00	18.00