

## Rating Report

### Brickwork Ratings Reaffirms 'BWR BBB' & 'BWR A3' Ratings for Bank Loan facilities aggregating to ₹ 145.00 Cr of Anand Transport Private Limited

Brickwork Ratings (BWR) has reaffirmed following **Rating<sup>1</sup>** for Bank Loan facilities of Anand Transport Private Limited (ATPL or the 'Company'):

Facility	Amounts in ₹ Cr		Tenure	Present Rating	Rating History (June 2014)
	Previous Limits	Present Limits			
<b>Fund Based</b> Cash Credit	<b>85.00</b>	<b>65.00</b>	<b>Long Term</b>	<b>Reaffirmed at BWR BBB</b> (BWR Triple B) <b>Outlook: Stable</b>	<b>BWR BBB</b> (BWR Triple B) <b>Outlook: Stable</b>
<b>Non Fund Based</b> Bank Guarantee	<b>60.00</b>	<b>80.00</b>	<b>Short Term</b>	<b>Reaffirmed at BWR A3</b> (BWR A Three)	<b>BWR A3</b> (BWR A Three)
<b>Total</b>	<b>145.00</b>	<b>145.00</b>	<b>INR One Hundred Forty Five Crores only</b>		

BWR has relied upon the audited financial results of ATPL upto FY14, provisional financial statements upto FY15 and projected financial statements upto FY17, publicly available information, information/clarifications provided by the Company.

The reaffirmation of ratings has factored the competence of the Company in coal logistics, its presence in major ports across the eastern coast consistent renewal of contracts with existing clients and stable profitability over the last three years. However, the ratings remain constrained by client concentration, working capital intensive nature of the business and trade restrictions imposed by the port/government agencies from time to time.

#### Background:

Established in 1987 as a partnership firm and later reconstituted as Anand Transport Private Limited (ATPL) in the year 2010, the company is a part of the MGM Group. ATPL is engaged in the business of stevedoring, ship chartering and transportation at major ports across the eastern

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

ports of India. More than 80% of the revenues are from Global Coal & Mining Private Limited with whom the company has contracts to ship washed coal from Talcher, Orissa to thermal power plants based in Mudannur and Nellore.

### **Management Profile:**

The directors of the company are Mr MGM Maran, Mr MGM Anand and Mr VR Arunachalam. The directors are assisted by Mr PS Mahadevan, in overseeing operations, who is the Group President.

### **Financial Performance:**

As per provisional financial statements for FY15, ATPL's total operating income improved from Rs. 225.91 Crs in FY14 to Rs 249.42 Crs in FY15. Operating profit margin declined marginally from 11.46% in FY14 to 10.76% in FY15 and Net profit margin from 5.02% in FY14 to 4.93% in FY15. Due to stretched Days Receivables of 171 in FY15, the company's business is working capital intensive. In FY15, ATPL's Debt Service Coverage ratio was 2.03 times and Interest Coverage Ratio was 3.14 times. As on 31<sup>st</sup> March 2015, the Tangible Networth was Rs. 96.14 Crs and Debt-Equity Ratio was 2.26 times.

### **Key Credit Determinants:**

- **Long track record:** The company has been in the business of bulk logistics since 1987 and has witnessed many business cycles.
- **Experienced and reputed promoters:** ATPL is a part of the MGM Group of companies headed by Mr M.G. Muthu. The directors of ATPL are Mr MGM Maran and Mr MGM Anand who have extensive experience in logistics business
- **Established relationship with customers:** The company has a long standing relationship with its customers. Its contracts with its customers have been renewed for another 3 years
- **Healthy debt coverage indicators:** DSCR of 2.03 times and ISCR of 3.14 times in FY15 indicate that the company's debt servicing ability is above average
- **Client concentration:** Nearly 80% of the revenue is from Global Coal & Mining Private Limited
- **Working capital intensive operations :** The company's Days Receivables in FY15 was at 171 days, thus making the business working capital intensive.
- **Significant related party transaction:** The company continues to advance significant amount of loans to its group companies. In FY15, long term loans advanced to related parties amounted to Rs. 54.27 Crs.

### **Rating Outlook:**

The outlook for the Company is expected to be stable over the next twelve months.

Going forward, ability of the company to achieve projected revenues, diversify its client base and manage its working capital will be the key rating sensitivities.

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**ANAND TRANSPORT PRIVATE LIMITED**

**Annexure I: Summary of the Profit & Loss Statement**

<b>Crores</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Prov.</b>
Gross Sales	154.23	204.20	202.71	246.92
Net Sales	154.23	204.20	202.71	246.92
Other Operating Income	0.00	3.68	23.20	2.49
Total Operating Income	154.23	207.88	225.91	249.42
Operating Expenses	136.73	186.40	200.02	222.59
OPBDIT	17.50	21.49	25.89	26.82
Depreciation	0.64	0.55	0.47	0.75
OPBIT	16.86	20.93	25.42	26.07
Interest and Finance Charges	6.52	6.15	8.75	8.54
OPBT	10.34	14.79	16.67	17.54
Non Operating Income	2.29	0.79	0.79	1.06
PBT	12.63	15.57	17.46	18.59
Provision for Taxes	4.11	5.17	6.12	6.28
PAT	8.52	10.40	11.34	12.31

## ANAND TRANSPORT PRIVATE LIMITED

### Annexure II: Summary of the Balance Sheet

Crores	FY12	FY13	FY14	FY15
Result Type	Audited	Audited	Audited	Prov.
<b>LIABILITIES</b>				
<b>EQUITY AND RESERVES</b>	<b>62.11</b>	<b>72.50</b>	<b>83.84</b>	<b>96.15</b>
Share capital	5.00	5.00	5.00	5.00
Reserves and Surplus	57.11	67.50	78.84	91.15
<b>Non-current liabilities</b>	<b>44.28</b>	<b>64.03</b>	<b>49.15</b>	<b>91.31</b>
Long-Term Borrowings	5.20	6.58	6.91	5.60
Other Long Term liabilities	39.09	57.45	42.24	85.70
<b>Current liabilities</b>	<b>101.70</b>	<b>67.41</b>	<b>128.82</b>	<b>126.66</b>
Short-Term Borrowings	37.85	33.59	44.14	54.81
Current Portion Of Long Term Debt	2.36	1.69	2.09	6.02
Trade Payables	40.08	18.32	42.63	36.72
Other Current Liabilities	21.42	13.81	39.95	29.11
<b>Total Liabilities</b>	<b>208.09</b>	<b>203.94</b>	<b>261.81</b>	<b>314.11</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>62.76</b>	<b>64.36</b>	<b>121.52</b>	<b>124.66</b>
Net Fixed assets	52.38	51.88	51.79	51.94
Capital Work-In-Progress	0.00	0.35	2.39	4.08
Net Intangible assets	0.06	0.04	0.02	0.01
Non Current Investments	0.00	0.01	0.03	0.03
Deferred Tax Assets (Net)	0.10	0.15	0.04	0.04
Long Term Loans and Advances	2.54	2.72	2.26	2.28
Other Non Current Assets	7.69	9.21	64.98	66.27
<b>Current assets</b>	<b>145.33</b>	<b>139.57</b>	<b>140.29</b>	<b>189.46</b>
Current Investments	0.09	0.09	0.09	0.09
Trade Receivables > Six Months	11.36	11.07	11.56	26.56
Trade Receivables < Six Months	57.14	47.00	84.82	108.45
Cash and Cash Equivalentents	0.77	0.78	9.98	12.55
Short-Term Loans and Advances	75.88	77.55	31.90	40.69
Other Current Assets	0.08	3.09	1.94	1.12
<b>Total Assets</b>	<b>208.09</b>	<b>203.94</b>	<b>261.81</b>	<b>314.11</b>

## ANAND TRANSPORT PRIVATE LIMITED

### Annexure III: Key Ratios

Key Ratios	Unit	FY12	FY13	FY14	FY15
Result Type		A	A	A	Prov.
Total Debt	Rs. Crs	45.40	41.86	53.14	66.43
Tangible Net Worth	Rs. Crs	62.04	72.47	83.82	96.14
Total Debt/TNW	Times	0.73	0.58	0.63	0.69
Long Term Debt/TNW	Times	0.08	0.09	0.08	0.06
TOL/TNW	Times	2.19	1.79	2.11	2.26
ISCR	Times	2.68	3.49	2.96	3.14
DSCR	Times	2.40	2.01	1.97	2.03
Net Cash Accruals/Total Debt	Times	0.20	0.26	0.22	0.20
Net Profit Margin	%	5.53	5.00	5.02	4.93
Operating Profit Margin	%	11.35	10.34	11.46	10.76
ROCE	%	15.71	18.90	20.25	17.41
Current Ratio	Times	1.43	2.07	1.09	1.50
Days Receivables	Days	162	113	139	171
Days Payable	Days	130	60	59	69
Conversion Cycle	Days	32	53	80	102