

Rating Rationale

Brickwork Ratings assigns Long Term Rating of ‘BWR BBB-’ for the Fund based Working Capital limit and Short Term Rating of ‘BWR A3’ for Non-Fund based limits of Anand Transport Pvt. Ltd. (ATPL)

Facility	Limits (₹ Crs)	Tenure	Rating
Fund Based Working Capital	35.00	Long Term	BWR BBB- (BWR Triple B Minus) (Outlook – Stable) Credit Facilities with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such Facilities carry moderate credit risk.
Non-Fund Based Bank Guarantee	5.00	Short Term	BWR A3 (BWR A Three) Credit Facilities with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations. Such Facilities carry higher credit risk as compared to Facilities rated in the two higher categories.

The rating has, inter alia, factored the competence of the company in the field of logistics, its presence in major ports across the eastern coast of the country, long term relationship with a few large companies and ownership of unused land that can be easily liquidated. It is however constrained by client concentration, time taken for receipt of payments from clients, availability of raw material and trade restrictions imposed either by the port or by various government agencies.

BWR has essentially relied upon the audited financial results of Anand Transport Pvt Ltd up to FY12, provisional half yearly results for FY13 and information and clarifications provided by the Company.

Background:

MGM Group promoted by Dr. M.G. Muthu started its transportation activity in the year 1965. ATPL started its operations in the year 1987 as partnership firm. After retirement of one of the partners during the year 2010, the firm decided to convert into a Private Limited

Company with the inclusion of additional shareholders. The key management personnel include Mr. M.G Muthu as the Chairman of the Company, who heads the MGM Group, which has interests in Distilleries, Entertainment and Hospitality industry, etc. The Directors include Mr.MGM. Maran and Mr. MGM. Anand. The Company is engaged in stevedoring, ship chartering and transportation at major ports on the eastern coast from Orissa to Tamil Nadu. The major clientele include Global Coal Mining Pvt Ltd with whom the Company has a long term arrangement for shipment of Washed Coal from Talcher, Orissa to thermal power plant based in Muddanar, Andhra Pradesh by Rail-Sea-Rail route.

Working Capital Facilities

ATPL has availed fund and non-fund based working capital facilities from State Bank of Hyderabad. The overall limit provided by the Bank amounts to ₹ 40.00 Crores in FY12. The Fund Based facilities consist of Cash Credit limit of ₹ 35.00 Crores. Non-Fund Based facilities include Bank Guarantee (BG) limit of ₹ 5.00 Crores. The borrowings are secured by a charge on book-debts of the Company, by a charge on specific fixed assets of the Company and guarantees by its associates and directors.

Financial Performance:

As per audited financials for FY12, the Net income from operation decreased from ₹ 169.48 Crores in FY11 to ₹ 154.23 Crores in FY12, which has been mainly due to ban on transportation of Coal at Chennai port. The Company's current ratio has been on a lower side mainly due to longer receivables period. The Company has managed to maintain healthy profitability margin over the past two years.

Abridged Balance sheet, P&L and Key financial ratios for the period FY10 – FY12 have been given in Annexure I, II and III.

Rating Outlook:

The top line of the Company is estimated to grow by ~40% for FY13 after taking into account of the new contract signed with the existing client and a proposed new contract with another Company. The Company is estimated to have achieved a turnover of ₹ 102.47 Crores and a Net Profit of ₹ 5.55 Crores until September 2012. The performance of the Company is expected to remain stable during the next one year.

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Key Financials – Anand Transport Pvt Ltd.

₹ Crs

Annexure I: Balance Sheet

S. No	Particulars	Mar-10 Audited	Mar-11 Audited	Mar-12 Audited
A	SOURCES OF FUNDS			
	SHARE HOLDERS' FUNDS	53.67	53.58	62.11
1	Share Capital	53.67	4.00	5.00
2	Reserves and Surplus	0.00	49.58	57.11
	LOAN FUNDS	41.29	44.51	95.40
3	Secured Loans	41.29	39.27	39.11
4	Unsecured Loans	0.00	5.24	2.83
	Other Term Liabilities	0.00	0.00	53.46
	TOTAL	94.96	98.09	157.51
B	APPLICATION OF FUNDS			
5	Gross Block	75.91	72.87	63.18
6	Less: Accumulated Depreciation	22.97	20.16	10.74
	Net Block	52.94	52.71	52.44
7	INVESTMENTS	4.59	0.73	0.86
	CURRENT ASSETS, LOANS & ADVANCES	121.00	146.23	145.58
8	Sundry Debtors	64.39	61.37	68.50
9	Cash and Bank Balances	1.14	2.28	0.36
10	Inventory	0.00	16.39	0.00
11	Others	55.47	66.19	76.72
	DEFERRED TAX ASSETS	0.00	0.04	0.10
	LESS: CURRENT LIABILITIES AND PROVISIONS	88.35	107.86	50.59
12	Current Liabilities	82.35	98.18	48.66
13	Provisions	6.00	9.68	1.93
14	Other Non-Current Assets	4.78	6.54	9.13
	TOTAL	94.96	98.09	157.51

Annexure II: Abridged Profit and Loss

₹ Crs

S. No	Particulars	Mar-10 Audited	Mar-11 Audited	Mar-12 Audited
1	Operating Income	142.32	169.48	154.23
2	Other Operating Income	0.00	0.00	0.00
	Total Income	142.32	169.48	154.23
	EXPENDITURE			
3	Cost of Operations	121.19	154.55	132.28
4	Administrative and other expenses	7.10	4.00	4.45
	Total Expenditure	128.29	158.55	136.73
	PBITDA	14.03	10.93	17.50
5	Interest and Finance Charges	7.29	6.36	6.52
6	Depreciation, obsolescence, amortization and impairment	1.15	0.66	0.64
	Profit / (Loss) before taxation	5.59	3.91	10.34
7	Provision for Tax	2.45	3.62	4.11
	Profit / (Loss) After taxation	3.14	0.29	6.23
8	Non-Operating Income /(Loss)	2.42	8.45	2.29
	Adj. Profit / (Loss) for the year	5.56	8.74	8.52

Annexure III: Ratio Analysis*

S. No	Particulars	Mar-10 Audited	Mar-11 Audited	Mar-12 Audited
1	Debt - Equity Ratio (Times)	1.54	0.93	1.65
2	Interest Coverage Ratio (Times)	2.26	3.05	3.10
3	Net Worth (₹ Crore)	53.67	53.58	62.10
4	Operating Margins (%)	9.86	6.45	11.35
5	Profitability Margin (%)	3.91	5.16	5.53
6	Current Ratio (Times)	0.97	0.89	1.52

*Calculation has been done based on BWR ratio definition