Anmol (India) Limited

October 10, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	25.00	**CARE BB; Stable [Double B; Outlook: Stable]**	Assigned
Short-term Bank Facilities	0.50	**CARE A4 [A Four]**	Assigned
Total Facilities	**25.50 (Rs. Twenty Five crore and fifty lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Anmol (India) Limited (AIL) are constrained by the fluctuating scale of operations, low profitability margins and moderate debt coverage indicators. The ratings are, further, constrained by the inherent risk associated with the trading nature of the business, susceptibility of margins to regulatory changes and volatility in international market prices of coal.

The ratings, however, derive strength from the long track record of operations with experienced & resourceful promoters, AIL's established business relationship with the customers, its satisfactory operating cycle and comfortable capital structure.

Going forward, the ability of the company to profitably scale up its operations and improve its overall solvency position shall remain the key rating sensitivities. Furthermore, any new capex and funding mix for the same will also remain a key rating sensitivity.

Detailed description of the key rating drivers

Key Rating Weaknesses

Fluctuating scale of operations and low profitability margins: The scale of operations of AIL has remained fluctuating in the past. In FY16, though the operating income grew by ~20% to Rs. 189.81 cr., the same moderated by ~2% in FY17 (Prov.) and stood at Rs. 186.49 cr. The profitability margins, though improving, have remained low as marked by the PBILDT and PAT margins of 1.75% (1.37% in FY16) and 0.60% (0.44% in FY16), respectively, in FY17 (Prov.).

Moderate debt coverage indicators: The debt coverage indicators remained moderate marked by interest coverage ratio of 2.13x, in FY17 (Prov.; PY: 2.00x) and total debt to GCA ratio of 12.83x, as on March 31, 2017 (Prov.; PY: 14.28x).

Inherent risk associated with trading nature of the business: The company is exposed to the risks associated with the trading nature of business like inherently low profitability margins, etc.

Susceptibility of margins to regulatory changes and volatility in international market prices of coal: Coal importers face regulatory risk in the form of custom duty variations etc. Further, the price of coal is decided in the international market based on the calorific value (a measure of quality) of the

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

coal. The prices and therefore margins for traders are therefore susceptible to this volatility in the international price indices.

Key Rating Strengths

Long track records of operations with experienced & resourceful promoters: AIL was established in the year 1998 and is promoted by Mr. Vijay Kumar and Mr. Tilak Raj who have experience of more than 3 decades and around 2 decades respectively. They are assisted by a team of professionals who are highly experienced in their respective domains. To fund various business requirement of the company in the past, regular funds have been infused by the directors and related parties in the form of unsecured loans.

Established business relations with customers: AIL has been in the coal trading business since 1998. Further, the promoters of the company hold an extensive industry experience ranging over 20 years. Long standing in the market has helped the company in building strong business relationships with its clients.

Comfortable capital structure and satisfactory operating cycle: The capital structure of AIL remained satisfactory with long-term debt to equity (D:E) ratio and overall gearing ratios of 0.01x and 0.78x, respectively, as on March 31, 2017 (prov.). AIL's operating cycle continued to remain at a satisfactory level, though the same elongated from 27 day, as on March 31, 2016 to 48 days, as on March 31, 2017 (prov.). Furthermore, the average cash credit limit utilization remained comfortable in the range of 45-50% in the past 12 months ended July 17.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
Financial ratios – Non-Financial Sector
CARE's policy on default recognition
CARE's methodology for Short Term Instruments

About the Company

Incorporated in 1998, as a private limited company and converted into public limited company in 2000, Anmol (India) Limited (AIL) is promoted by Mr. Vijay Kumar and Mr. Tilak Raj. The company is engaged in the wholesale trading of coal, primarily USA Coal, Indonesian coal, Saudi Pet Coke and USA Pet Coke and is sold to end users, mainly Brick Kiln Industry, cement industry, steel rolling industry, coke manufacturers and coal traders. The company has a warehouse located in Ludhiana, Punjab. . AIL also has a mobile application, 'Anmol Coal', which provides real time updates on coal prices and latest news updates of the coal industry.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (P)
Total operating income	189.81	186.49
PBILDT	2.60	3.26
PAT	0.83	1.13
Overall gearing (times)	0.72	0.78
Interest coverage (times)	2.00	2.19

A: Audited; P: Provisional

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	25.00	CARE BB; Stable
Non-Fund Based-ST-Letter of Credit	-	-	-	0.50	CARE A4

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
	Fund-based - LT-Cash Credit	LT	25.00	CARE BB; Stable	-	-	-	-
	Non-Fund Based-ST-Letter of Credit	ST	0.50	CARE A4	-	-	-	-

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