Anmol (India) Limited

October 17, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term Bank Facilities	-	-	Reaffirmed at CARE BB+; Stable [Double B Plus; Outlook: Stable] and withdrawn
Short-term Bank Facilities	-	-	Reaffirmed at CARE A4+ [A Four Plus] and withdrawn
Total Facilities	**-**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable/CARE A4+' [Double B Plus; Outlook: Stable/ A Four Plus] assigned to the bank facilities of Anmol (India) Limited (AIL) with immediate effect. The above action has been taken at the request of AIL's and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE.

The ratings assigned to the bank facilities of Anmol (India) Limited (AIL) continue to remain constrained by the inherent risk associated with the trading nature of the business, low profitability margins, susceptibility of margins to volatility in international market prices of coal and regulatory changes in the industry. The ratings, however derive strength from the moderate financial risk profile, long track record of operations with experienced promoters and established business relationship with the customers.

Detailed description of the key rating drivers

Key Rating Weaknesses

Low profitability margins: The PBILDT and PAT margins remained low at 1.35% and 0.66% respectively, in FY19 (refers to the period April 01 to March 31) declining from 2.14% and 0.88% respectively, in FY18, owing to the increased selling expenses, increased procurement prices and Initial public offering (IPO) expenses incurred during the year.

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. The company is also exposed to the competition in coal trading business due to low entry barriers.

Susceptibility to volatility in international prices: The price of coal is decided in the international market based on the calorific value (a measure of quality) of the coal. The prices and therefore margins for traders are therefore susceptible to this volatility in the international price indices.

Regulated nature of the industry: Coal importers face risks in the form of custom duty variations etc. and other regulatory changes affecting the industry.

Key Rating Strengths

Long track record of operations with experienced promoters: AIL was established in the year 1998 and its promoters include Mr. Vijay Kumar and Mr. Tilak Raj who hold an experience of more than three decades and around two decades, respectively. 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. Additional unsecured loans of Rs.0.55 Cr. were infused during FY19 taking the total to Rs.9.89 Cr. as on March 31, 2019.

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

Moderate financial risk profile: The total income achieved by AIL in FY19 grew by a considerable ~84% over the previous year on account of increased demand. The company successfully completed its IPO wherein its shares were listed on the Bombay Stock Exchange in February-19 and total proceeds of Rs.10.23 Cr. were raised. It had no external term debt as on March 31, 2019. The long term debt to equity ratio and overall gearing ratio improved considerably from 0.82x and 3.25x

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

respectively, as on March 31, 2018 to 0.39x and 1.31x respectively, as on March 31, 2019 on account of accretion of profits to the net worth and capital raised during the year. Lower debt outstanding led to an improvement in the total debt to GCA to 8.75x as on March 31, 2019 from 13.60x as on March 31, 2018. The interest coverage ratio of the company stood comfortable in FY19 improving from previous year's levels mainly owing to higher PBILDT in absolute terms. The operating cycle of the company remained comfortable at ~7 days as on March 31, 2019 shortening from ~28 days as on March 31, 2018.

Analytical approach: Standalone

Applicable Criteria
Policy for withdrawal
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology - Wholesale Trading
Financial ratios – Non-Financial Sector

About the Company
Incorporated in 1998, as a private limited company and converted into public limited company in 2000, Anmol (India) Limited (AIL) is being promoted by Mr. Vijay Kumar, Mr. Tilak Raj etc. The company is engaged in wholesale trading of coal, mainly USA Coal and Indonesian coal. AIL is having a nation-wide presence through its head office in Guwahati and branch offices in Kapurthala, Punjab and Gandhi Dham (Gujarat). The company sells its products to traders as well as end users. Products of the company find usage mainly in the brick kiln industry, cement industry, steel rolling industry etc. AIL is also operating a mobile application, 'Anmol Coal', providing real time update of coal prices and latest news updates regarding coal industry.

Covenants of rated instrument / facility: *Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3*

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	299.11	549.43
PBILDT	6.39	7.44
PAT	2.62	3.61
Overall gearing (times)	3.25	1.31
Interest coverage (times)	3.13	3.74

A: Audited
Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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	-	-	-	23.00	Withdrawn
Non-fund-based - ST-Letter of credit	-	-	-	7.00	Withdrawn

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB+; Stable (05-Dec-18) 2)CARE BB+; Stable (31-Oct-18)	1)CARE BB; Stable (10-Oct-17)	-
2.	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A4+ (05-Dec-18) 2)CARE A4+ (31-Oct-18)	1)CARE A4 (10-Oct-17)	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

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.

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