

Anmol (India) Limited

December 05, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	23.00	CARE BB+; Stable [Double B Plus; Outlook: Stable]	Reaffirmed
Short-term Bank Facilities	7.00	CARE A4+ [A Four Plus]	Reaffirmed
Total Facilities	30.00 (Rs. Thirty crore 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) continue to be constrained by the low profitability margins and inherent risk associated with the trading nature of the business. The ratings are also constrained by the susceptibility of margins to volatility in international market prices of coal and regulatory changes.

The ratings, however, derives strength from the increasing scale and improving overall solvency position, long track record of operations with experienced & resourceful promoters, AIL's established business relationship with the customers and satisfactory liquidity position.

Going forward, the ability of the company to profitably scale up its operations amidst the government regulations and competitive scenario along with further improvement in its overall solvency position shall remain the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Weaknesses

Low profitability margins: The profitability margins, though improving, have remained low as marked by the PBILDT and PAT margins of 2.15% (1.72% in FY17) and 0.88% (0.58% in FY17), respectively, in FY18.

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 and high competition in the 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.

Susceptibility to regulatory changes: Coal importers face regulatory risk in the form of custom duty variations, etc.

Key Rating Strengths

Moderate financial risk profile: The total operating income of AIL increased by ~60% in FY18 on the back of increased orders from existing as well as new customers. The capital structure of AIL also improved with long-term debt to equity (D:E) and overall gearing ratios of 0.82x (PY: 1.31x) and 1.90x (PY: 3.08x), respectively, as on March 31, 2018 on account of lower working capital borrowings and accretion of net profit to reserves. The debt coverage indicators remained comfortable marked by interest coverage ratio of 3.15x, in FY18 and total debt to GCA ratio of 7.94x, as on March 31, 2018; which improved from 2.15x and 22.80x, respectively, on a year-on-year basis. The improvement in the debt coverage indicators was on account of better profitability generated by the company during the year.

In 5MFY19 (Provisional), the company's operating income stood at Rs.252 crore with PAT of Rs.1.50 crore.

Satisfactory liquidity position: The company's operating cycle remained at a satisfactory level of 28 days, as on March 31, 2018. Also, the company's average utilization of the cash credit limits stood comfortable at ~46% for the last 12 months ended Sep-18. Further, the company did not have any external term debt obligation as on March 31, 2018.

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 requirements of the company in the past, regular funds have been infused by the directors and related

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

parties in the form of unsecured loans. Furthermore, long standing in the market has helped the company in building strong business relationships with its clients.

Analytical approach: Standalone

Applicable Criteria

[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 promoted by Mr. Vijay Kumar and Mr. Tilak Raj. The company is engaged in the wholesale trading of coal, primarily USA Coal and Indonesian coal. Other commodities include petroleum coke or petcoke and coking coal. AIL is having a nation-wide presences through its head office in Guwahati and branch offices in Kapurthala, Punjab and Gandhidham (Gujarat). The company is also having its warehouse facility and corporate office situated in Ludhiana, Punjab. The company sells its products to end users, mainly Brick Kiln Industry, cement industry, steel rolling industry, coke manufacturers and coal traders. 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)	FY17 (A)	FY18 (A)
Total operating income	186.49	299.15
PBILDT	3.21	6.42
PAT	1.09	2.62
Overall gearing (times)	3.08	1.90
Interest coverage (times)	2.15	3.15

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

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.

Analyst Contact:

Name: Mr. Sudeep Sanwal

Tel: 0172-4904002

Cell: +91 9958043187

Email: sudeep.sanwal@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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	CARE BB+; Stable
Non-fund-based - ST-Letter of credit	-	-	-	7.00	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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Cash Credit	LT	23.00	CARE BB+; Stable	1)CARE BB+; Stable (31-Oct-18)	1)CARE BB; Stable (10-Oct-17)	-	-
2.	Non-fund-based - ST-Letter of credit	ST	7.00	CARE A4+	1)CARE A4+ (31-Oct-18)	1)CARE A4 (10-Oct-17)	-	-

CONTACT**Head Office Mumbai**

Ms. Meenal Sikchi
 Cell: + 91 98190 09839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
 Cell: + 91 98196 98985
 E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
 Cell: + 91 99675 70636
 E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
 Cell: + 91 98209 98779
 E-mail: saikat.roy@careratings.com

CARE Ratings Limited**(Formerly known as Credit Analysis & Research Ltd.)**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Deepak Prajapati
 32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-9099028864
 Tel: +91-79-4026 5656
 E-mail: deepak.prajapati@careratings.com

JAIPUR

Mr. Nikhil Soni
 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 – 95490 33222
 Tel: +91-141-402 0213 / 14
 E-mail: nikhil.soni@careratings.com

BENGALURU

Mr. V Pradeep Kumar
 Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91 98407 54521
 Tel: +91-80-4115 0445, 4165 4529
 Email: pradeep.kumar@careratings.com

KOLKATA

Ms. Priti Agarwal
 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH

Mr. Anand Jha
 SCF No. 54-55,
 First Floor, Phase 11,
 Sector 65, Mohali - 160062
 Chandigarh
 Cell: +91 851111-53511/99251-42264
 Tel: +91- 0172-490-4000/01
 Email: anand.jha@careratings.com

NEW DELHI

Ms. Swati Agrawal
 13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI

Mr. V Pradeep Kumar
 Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE

Mr. Pratim Banerjee
 9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-98361 07331
 Tel: +91-20- 4000 9000
 E-mail: pratim.banerjee@careratings.com

COIMBATORE

Mr. V Pradeep Kumar
 T-3, 3rd Floor, Manchester Square
 Puliakulam Road, Coimbatore - 641 037.
 Tel: +91-422-4332399 / 4502399
 Email: pradeep.kumar@careratings.com

CIN - L67190MH1993PLC071691

HYDERABAD

Mr. Ramesh Bob
 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Cell : + 91 90520 00521
 Tel: +91-40-4010 2030
 E-mail: ramesh.bob@careratings.com