

RATING RATIONALE

27 July 2020

ANIK INDUSTRIES LIMITED

Brickwork Ratings reviews the ratings for the Bank Loan Facilities of ₹ 188.00 Crores of Anik Industries Limited (AIL or “The Company”) based on best available information, as the issuer did not cooperate.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (August, 2018)	Present^
Fund based	33.00	33.00	Long Term	BWR BB/Negative [Downgraded] Issuer Not Cooperating*	BWR D [Downgraded] Issuer Not Cooperating*
Non Fund Based	155.00	155.00	Short Term	BWR A4 [Downgraded] Issuer Not Cooperating*	BWR D [Downgraded] Issuer Not Cooperating*
Total	188.00	188.00	INR One Hundred Eighty Eight crores Only		

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate, based on best available information.

Details of Bank facilities is provided in Annexure-I

RATING : Downgraded and continues to remain in the ‘Issuer Not Cooperating’ category.



NATURE OF NON-COOPERATION:

The rating was due for review in **August, 2019**. BWR took up with the issuer to provide required information over emails and through telephonic communication. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the issuer, BWR is unable to assess the issuer's financial performance and its ability to service its debt and maintain a valid rating. Also in reference to the company's filing on the stock exchange dated 13 June 2020 indicating adverse impact of the COVID-19 on the company's operations and stretched liquidity profile leading to delays in debt servicing alongwith cash losses reported for FY 2020 (9M) [provisional] and FY 2019, the outstanding rating of the company has been further downgraded to default rating under the 'Issuer Not Cooperating' category.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress.

COMPANY PROFILE (Information available as of 27th August 2018)

Anik Industries Limited was incorporated in 1976 with a registered office located in Mumbai and its corporate office in Indore. The Company was initially incorporated as Madhya Pradesh Glychem Industries Limited and subsequently changed to Anik Industries Limited in September 2006. Initially the company was engaged in the extraction of oils from oil seeds by solvent extraction process and later set up a dairy business. However, in September 2016, the company divested its dairy unit to M/s. B. S. A. International, Belgium on a slump sale basis. The Company is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Since 2006, AIL has engaged in trading of commodities, real estate development and generation of wind power with trading activity contributing majorly to the revenue. The products traded by the Company includes coal as well as agricultural commodities such as pulses, wheat, edible oils etc. The Company imports coal from Indonesia, South Africa and other international markets. The management of the company includes Mr. Suresh Chandra Shahra, Mr. Manish Chandra Shahra, Mr. Ashok Kumar Trivedi, Mr. Vijay Rathi, Mr. Kamal Kumar Gupta, Mr. Hari Narayan Bhatnagar and Mrs. Amrita Koolwal. The company also has a subsidiary under the name of Revera Milk & Foods Private Limited (RMFPL) where AIL holds 86.61% holdings in RMFPL which does not have any business and only reports lease income from its leased out property. Further, AIL has 21% share in a partnership firm Mahakosh Property Developers engaged in providing construction services.

Key Financials Indicators (As per publicly available sources)

Key Parameters	Units	FY2018	FY2019
Result Type		Audited	Audited
Total Operating Income	Rs. Crs	609.67	604.54
EBITDA	Rs. Crs	4.08	-20.73
Profit After Tax	Rs. Crs	13.84	-15.20
Tangible Net worth (TNW)	Rs. Crs	315.47	300.38
Total Debt/ TNW	Times	0.24	0.26
Current Ratio	Days	1.95	1.90

As per the provisional financials for FY 2020(9M),the Company has reported operating income of Rs. 405.74 crores and net loss of Rs. 1.19 crores.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY :

CARE Ratings vide its press release dated 19th June 2020 has continued to classify the rating as Issuer Not Cooperating; based on best available information and reaffirmed the rating to CARE D as the Company has not provided the requisite information for surveillance of rating.

ANY OTHER INFORMATION: Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS [INCLUDING WITHDRAWAL AND SUSPENDED]

Instrument / Facilities	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	2019	27 August 2018	30 May 2017
Fund Based	Long Term	33.00	BWR D [Downgraded] Issuer Not cooperating*	-	BWR BB/ Negative [Downgraded] Issuer Not cooperating*	BWR BB+/ Stable [Assigned]
Non Fund Based	Short Term	155.00	BWR D [Downgraded] Issuer Not cooperating*	-	BWR A4 [Downgraded] Issuer Not cooperating*	BWR A4+ [Assigned]
Total		188.00	INR One Hundred and Eighty Eight crores Only			

* Issuer did not cooperate, based on best available information.

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What constitutes Non-Cooperation](#)
- [Rating Criteria for Trading Entities](#)



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ANNEXURE I

Anik Industries Limited

Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	Dena Bank (Now Bank of Baroda)	Cash Credit /Packing Credit in Foreign Currency / Foreign Bills Payable	5.00	-	5.00
2.		Letter of Credit/ Buyers Credit	-	33.50	33.50
3.		Bank Guarantee	-	1.50	1.50
4.	Punjab National Bank	Cash Credit /Packing Credit in Foreign Currency / Foreign Bills Payable	5.00	-	5.00
5.		Letter of Credit/ Buyers Credit	-	55.00	55.00
6.	Central Bank of India	Cash Credit /Packing Credit in Foreign Currency / Foreign Bills Payable	5.00	-	5.00
7.		Letter of Credit/ Buyers Credit	-	35.00	35.00
8.	State Bank of India	Cash Credit /Packing Credit in Foreign Currency	5.00	-	5.00

		/ Foreign Bills Payable			
9.		Letter of Credit/ Buyers Credit	-	14.50	14.50
10.		Bank Guarantee	-	0.50	0.50
11.	HDFC Bank	Cash Credit /Packing Credit in Foreign Currency / Foreign Bills Payable	5.00	-	5.00
12.		Term Loan	8.00	-	8.00
13.		Letter of Credit/ Buyers Credit	-	15.00	15.00
TOTAL					188.00

Total Rupees One Hundred and Eighty Eight Crores only.

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