

## Rating Rationale

### Brickwork Ratings Reaffirms ratings ‘BWR BBB’ for Bank Loan Facilities aggregating ₹ 168 Cr of Anil Nutrients Ltd

Brickwork Ratings has *reaffirmed* ‘BWR BBB’ (Outlook: Stable) **Rating<sup>1</sup>** for the existing and proposed Bank Loan Facility of ₹ 168 Cr of Anil Nutrients Ltd (ANL or “the Company”).

Facility	Previous (₹ Cr)	Present (₹ Cr)	Tenure	Rating	Rating History
<b>Proposed Term Loan</b> (Fund Based)*	95.00	<b>95.00</b>	<b>Long Term</b>	<b>BWR BBB</b> (Pronounced BWR Triple B)	BWR BBB (Pronounced BWR Triple B)
<b>Cash Credit</b> (Fund Based)	80.00	<b>73.00</b>		<b>(Outlook-Stable)</b> <b>(Reaffirmed)</b>	(Outlook-Stable) (Nov 2014)
<b>Total</b>		<b>168.00</b>	<b>INR One Hundred and Sixty Eight Crores only</b>		

\*Earlier rated sanctioned term loan has not been availed and presently it is a proposed loan.

BWR has principally relied upon the audited financial results up to FY15, projected financial up to FY18, publicly available information and information/clarification provided by the Firm’s management.

The ratings continues to factor the Group reputation (‘Anil’ Group), established presence in Western India with strong brands for its Maize oil cake and Cattle feed products, improvement in revenue in FY15, moderate debt protection and net worth, vertically integrated nature of operations as majority of its raw material requirement are being supplied by ANIL Group and also plans of setting up a unit of Savli, Gujarat to enhance the capacity. The rating is however constrained by delay in starting Savli Plant, working capital intensive nature of operations and upcoming large bank funding required for its capex program.

BWR has not factored the effect of likely restructuring of business within the Group, as it is still at a nascent stage, and specifics are not announced.

#### Background:

Anil Nutrients Limited (ANL) was incorporated in the year 2000 as a public limited company based in Ahmedabad, and belongs to the Anil Group of Gujarat. ANL is engaged in manufacturing of Maize oil cake, Crude Corn Oil, Cattle feed & allied products and Plant Growth Promoters (PGP).

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

ANL is running three manufacturing facilities – Unit 1 located at Shokhada dist. Vadodara manufactures crude corn oil and cattle feed products, Unit 2 located Chanasma dist. Patan manufactures cattle feeds and feed pallets and Unit 3 is a plant nutrients & feed supplement manufacturing unit located at Bapunagar, Ahmedabad. The total installed capacity of germ crushing is 24000 TPA. Feed products are produced under manual operation having capacity of 90000 TPA during FY14. ANL has a prominent presence in Western India (Gujarat, Rajasthan, Madhya Pradesh & Maharashtra) having 15% of the market share. It is selling its feed products under the brand name of ‘Madhav’ and ‘Gauri’.

With a view to strengthening its existence in the market, ANL has plans of setting up a new manufacturing unit at Village Savli, Vadodara. The project initiation however got delayed on account of delays in obtaining the requisite approvals. Presently all the approvals are in place and the company is planning to start the project execution shortly and complete by March 2017. The new unit will produce all range of products related to Refined Corn Oil, Maize Oil Cake and Feed products. The total project cost is estimated at ₹ 133 Cr which will partially funded by term loan of ₹ 95 Cr and rest from internal accruals and additional share capital of ANL.

#### **Group Background:**

ANL is a part of Anil Group which is a diversified group with total turnover of around ₹ 1500 Cr. Anil Limited (AL) is a flagship Company, originally established in the year 1939 by Lt. Sh. Chinubhai Manibhai Sheth. AL has one of the oldest and largest Corn Wet Milling (CWM) unit in the country producing the entire range of unmodified starch, modified starch from basic maize starch, bio products and downstream products having installed capacity of CWM at 750 Tons per day (TPD).

#### **Management/ Shareholding Pattern**

The Company is being headed by Mr. Amol S. Sheth who is the Managing Director of ANL. He played a major role in the developing business of Anil Group. Mr. Nalin Kumar Thakur is the Director of ANL having 30 years of experience in the field of systems & processes. The other director of ANL is Mr. Nilesh Thakar who heads the Corn oil & Bio feed business. Presently Mr. Amol Sheth (Trustee of Amol Sheth Family Trust) holds 99.18% shareholding in the company.

#### **Financials:**

Total Operating Income increased from ₹197.82 Cr in FY14 to ₹238.99 Cr in FY15. ANL reported PAT of ₹5.09 Cr in FY15 as against ₹7.61 Cr in FY14. Tangible net worth stood at ₹31.29 Cr as on March 31, 2015 while total debt stood at ₹92.72 Cr. The debt majorly includes bank facilities of around ₹ 72 Cr and rest via unsecured loans from related and other parties. The gearing for FY15 stood at 2.96 times.

As per provisional H1FY6 figures, the company has achieved total operating income of around ₹118.53 Cr with a PBT of around ₹5.88Cr.

## Rating-Outlook

ANL's upcoming debt funded Savli project is important for the company as it is expected to double the existing capacity and substantially improve revenue once operational. ANIL Group has plans of realignment of operations and holdings which is presently under planning stage. The ability of the Company to sustain its growth in revenue profile amidst vulnerability in raw material costs, improve margins, improve its capital structure, manage its working capital efficiently and ensure infusion of funds by promoters as and when required would remain the key sensitivities.

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