

## Rating Rationale

### Brickwork Ratings revises ratings from ‘BWR BBB-’ to ‘BWR BB’ for Bank Loan facilities aggregating to ₹ 168 Crs of Anil Nutrients Ltd.

Brickwork Ratings has revised the **Rating<sup>1</sup>** for the existing and proposed Bank Loan Facility of ₹ 168 Crs of **Anil Nutrients Ltd** (ANL or “the Company”) as below:

Facility	Amount (₹ Cr)	Tenure	Ratings	Rating History
Proposed Term Loan (Fund Based)	95.00	Long Term	<b>BWR BB (Pronounced BWR Double B) (Outlook-Negative) (Revised)</b>	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook-Negative) (July 2016)
Cash Credit (Fund Based)	73.00			
<b>Total</b>	<b>168.00</b>	<b>INR One Hundred and Sixty Eight Crores Only</b>		

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

The rating revision factors increased ongoing liquidity issues being faced by the company as well as Anil group, and lack of information/clarifications sought. While the Group has an established track record of operations, the rating is constrained by delay in starting Savli Plant, working capital intensive nature of operations and upcoming large bank funding required for its capex program.

#### 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). 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. With a view to strengthening its market share, ANL has plans of setting up a new manufacturing unit at Village Savli, Vadodara.

ANL is headed by Mr. Amol S. Sheth who is the Managing Director of ANL. Presently Mr. Amol Sheth (Trustee of Amol Sheth Family Trust) holds 99.18% shareholding in the company.

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

### 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 Crs and rest via unsecured loans from related and other parties. The gearing for FY15 stood at 2.96 times.

FY16 performance figures are not available. As per provisional H1FY16 figures, the company has achieved total operating income of around ₹118.53 Cr with a PBT of around ₹5.88Cr.

### Rating Outlook

The outlook continues at negative considering increased ongoing liquidity issues being faced by the company as well as Anil group and lack of information sought. ANL is implementing a debt funded project at Savli to double the existing capacity and substantially improve revenue. ANIL Group has plans of realignment of operations and holdings which is presently under planning stage. 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. While improvement in its growth in revenue profile, margins, infusion of promoter funding and efficient working capital management would be positive for the rating, any further deterioration in gearing or liquidity would be negative.

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