

Rating Rationale

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

Brickwork Ratings has revised rating 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 ¹	Rating History
Proposed Term Loan (Fund Based)	95.00	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook-Negative) (Revised)	BWR BBB (Pronounced BWR Triple B) (Outlook-Stable) (Jan 2016)
Cash Credit (Fund Based)	73.00			
Total	168.00	(INR One Hundred and Sixty Eight Crores Only)		

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 Company’s management.

The rating revision factors ongoing liquidity issues being faced by the company as well as Anil group, and lack of information/clarifications sought. The ratings continues to factor the Group track record of operations, established presence in Western India with strong brands for its Maize oil cake and Cattle feed products, moderate debt protection and netwoth, and vertically integrated nature of operations as majority of its raw material requirement are being supplied by ANIL Group. 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.

The outlook is revised from stable to negative considering ongoing liquidity issues being faced by the company as well as Anil group and lack of information sought.

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. The total installed capacity of germ crushing is 24000 With a view to strengthening its existence in the market, ANL has plans of setting up a new manufacturing unit at Village Savli, Vadodara.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

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.

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.

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

The outlook is revised from stable to negative considering 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. The ability of the Company to sustain its growth in revenue profile, improve margins and 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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