

Rating Rationale

Brickwork Ratings assigns 'BWR BBB-' & 'BWR A3' for the Bank Loan Facilities aggregating ₹ 45 Cr of Anu Products Ltd.

Brickwork Ratings has assigned following **Ratings**¹ for Bank Credit Facilities of Anu Products Ltd ('APL' or 'the Company') sanctioned by ING Vysya Bank & Ratnakar Bank

Facility	Limits (₹ Cr)	Rating
Fund Based (Long Term)	27.00	BWR BBB- (BWR Triple B Minus) (Outlook: Stable)
Fund Based (Short Term)	2.00	BWR A3 (BWR A Three)
Non-Fund Based (Short Term)	16.00	
Total	45.00	INR Forty Five Crores only

Details of the facilities are given in Annexure I

BWR has essentially relied upon the audited financials up to FY13, projected financials for FY14 and FY15 of the Company, publicly available information and information /clarification provided by the Company's management.

The rating factors, inter alia, established operations of the Company since 1990 with 19 branches, experience of the promoters in the industry, the strong network of distributors and dealers and comfortable financial risk profile. However, the rating is constrained by modest scale of operations, moderate tangible net worth and high inventory days and days' receivables leading to a stretched cash conversion cycle and irregular demand for agrochemicals due to high dependence on seasonality.

Background:

Anu Products Ltd, an ISO-9001:2008 certified company, was incorporated in 1990 and commenced operations in 1992 after setting up a plant for manufacture of pesticides in Faridabad. During 2006-07 another plant was set up in Jammu. The Company manufactures agrochemical products with a range of plant protection chemicals including insecticides, herbicides, fungicides, weedicides, plant growth regulators, bio regulators, bio-pesticides and bio-fertilizers. Currently the Company manufactures 41 different types of agrochemicals. International brands viz., 'ROGOR', 'Ergostim' and 'Cytozyme' have allowed APL to use their

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

brand names in India. The Company employs 317 employees including 200 marketing personnel.

Operations:

The Company has 19 branch offices and depots all across India which caters to a network of 206 distributors and 3110 dealers. The sales and marketing department is divided into four zones (North, East, West and South) and headed by a General Manager who is assisted by 6 Assistant General Managers who are in turn assisted by a 200 member team of marketing personnel.

Financial Performance:

During FY13, APL’s net revenue from operations increased by 9.50 % from ₹ 93.81 Crores in FY12 to ₹ 102.72 Crores in FY13. The Company’s profitability was at 9.88 % at EBIDTA level and 3.92 % at PAT level for FY13. The cash conversion cycle is high at 221 days for FY13. The tangible net-worth is moderate at Rs. 32.77 Crores as on 31.03.13 including the quasi-capital of Rs. 2.59 Crores. The debt protection ratios are reasonable.

Rating Outlook:

Going forward, ability of the Company to record consistent growth in sales volumes, increase its operational efficiency by reducing the cash conversion cycle and improve its net worth will be the key rating sensitivities. The outlook for the Company is expected to stable over the next one year.

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Annexure I				
Details of Bank Facilities (Amt in ₹ Cr)				
Name of the Bank	Nature of Facility	Fund Based	Non-Fund Based	Long term/short term
ING Vysya Bank	OD Stock –in-Trade / Book Debts (enhanced from Rs. 11.00 Crs)	13.00	-	Long Term
	WCDL (sub-limit of OD) (enhanced from Rs. 6.00 Crs)	(8.00)	-	Long Term
	LC-Import / Inland LC – other than capital goods	-	6.00	Short Term
	Buyer’s credit (sub limit of LC)		(6.00)	Short Term
	Purchase Bills Discounting (one way interchangeability from purchase bills discounting facility of LC facility)	2.00	-	Short Term
	Total Exposure	15.00	6.00	
		21.00		
Ratnakar Bank Ltd	Cash Credit	14.00	-	Long Term
	WCDL (Sub Limit of CC)	(10.00)	-	Long Term
	FLC/ILC - II (Sub-limit of CC)	-	(2.00)	Short Term
	FLC/ILC - I (Enhanced form Rs. 8.35 Crs)		10.00	Short Term
	Bank Guarantee (sub limit of LC - I)		(1.00)	Short Term
	LUT for Buyer’s credit(sub limit of LC - I) (Enhanced from Rs. 3.00 Crs)		(5.00)	
	Total Exposure	14.00	10.00	
		24.00		
Total Credit Facilities = ₹ 45.00 Cr		29.00	16.00	