## Rating Rationale

**Brickwork Ratings on a review, reaffirms ratings for the Bank Loan Facilities aggregating ₹ 58 Cr of M/s Anu Products Limited**

On a review, Brickwork Ratings (BWR) has reaffirmed **Rating**[1] for the Bank loan facilities of Rs. 58.00 Crores of M/s Anu Products Limited (*The Company or APL*), as under

| Facility | Previous Limits ( ₹Cr) | Present Limits ( ₹Cr) | Tenure | Previous Rating Aug 2015 | Review Rating[1] |
|---|---|---|---|---|---|
| **Fund Based Limits** Long Term | 37.50 | 37.50 | **Long Term** | **BWR BBB-** BWR Triple B Minus **Outlook: Stable** | **BWR BBB-** BWR Triple B Minus **Outlook: Stable** **Reaffirmation** |
| **Fund Based Limits** Short Term | 0.00 | 0.00 | **Short Term** | **BWR A3** | **BWR A3** Reaffirmation |
| **Non Fund Based Limits** Short Term | 20.50 | 20.50 | | | |
| **Total** | **58.00** | **58.00** | **INR Fifty Eight Crores Only** | | |

*Details of Facilities is provided in Annexure-1*

BWR has principally relied upon the audited financial results up to FY15, Certified Provisional financials up-to Q3FY16 and projected financials up to FY17, publicly available information and information/clarification provided by the Company's management.

The rating factors continues to derive it strengths from established operations of the Company, experienced management, strong distribution network and dealers, favorable coverage ratios and low gearing profile of the Company. However, the rating is constrained by high inventory days and days' receivables leading to a stretched cash conversion cycle, fluctuating profitability margins 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 from 1992 after setting up a plant for manufacture of pesticides in Faridabad. During 2006-07 another plant was set up in Jammu. Company is engaged in manufacturing of agrochemical products with a range of plant protection chemicals including insecticides, herbicides, fungicides, weedicides, plant growth regulators, bio regulators, bio-pesticides and bio-fertilizers. International brands viz., 'ROGOR', 'Ergostim' and 'Cytozyme' have allowed APL to use their brand names in India.

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

APL has installed production lines in Emulsifiable Concentrate/Soluble Liquids, Wet/Dusting Powder and Granules Sections with installed capacity of 3750KLPA, 3000KLPA and 3300KLPA. Capacity utilization of all the product lines is improving Y-O-Y, Which resulted in improvement in revenues Y-O-Y.

**Financial Performance**

As per FY15, audited financials, Scale of operations reported at Rs. 133.80 Crores in FY15 against Rs. 118.74 crores in FY14. Both Operating & net profit margin remained stagnant in FY15 when compared with FY14. Tangible net-worth has improved from Rs. 34.93 crores in FY14 to Rs. 40.07 crores in FY15 due to retaining of profits in the business. Slight drop in debt equity levels i.e. from 0.95X in FY14 to 1.01X in FY15, however being at low gearing profile. Elongated cash conversion cycle is due to high inventory and receivable days.

As per certified and authenticated provisional financials up to Q3 FY16 (i.e. April 2015- Dec 2015), Total operating stood at Rs. 116.76 crores. Slight decline in Operating and net profit margins reported during Apr – Dec 2015. Debt Equity further reported slight deterioration which is at ~1.07X due to unsecured long term loans availed from the financial institutions for average of two year maturity profile.

**Rating Outlook**

The outlook of the Company is expected to be stable till Aug 18, 2016. The ratings are subject to review for annual surveillance which will fall on Aug 18, 2015. Going forward, ability of the Company to improve further scale of operations and profitability margins, to maintain the debt protection metrics & capital structure, to manage its working capital effectively by minimizing its cash conversion cycle and to withstand in the competitive market as the business depends on the environmental factors will be the key rating sensitivities.


| Analyst Contact | Relationship Contact |
|---|---|
| analyst@brickworkratings.com | bd@brickworkratings.com |
| **Phone** | **Media Contact** |
| 1-860-425-2742 | media@brickworkratings.com |

## M/s Anu Products Limited

## Annexure-I

| Name of the Bank | | Nature of Facility | Review Amount Rs. Crs |
|---|---|---|---|
| ING Vysya Bank | Fund Based *Long Term* | OD Stock –in-Trade / Book Debts | 20.00 |
| | | WCDL (sub-limit of OD) | (16.00) |
| | Fund Based *Short Term* | Purchase Bills Discounting (sub-limit of OD in Review amount) | (2.00) |
| | Non Fund Based *Short Term* | LC/ILC | 8.00 |
| | | Buyer's credit (sub limit of LC) | (8.00) |
| | **Total Facilities** | | **28.00** |
| Ratnakar Bank | Fund Based *Long Term* | Cash Credit | 0.00 |
| | | WCDL (Sub Limit of CC) | 0.00 |
| | Non Fund Based *Short Term* | ILC/FLC | 0.00 |
| | | FLC/ILC (Sub limit of CC) | 0.00 |
| | | Bank Guarantee (Sub limit of LC) | 0.00 |
| | | LUT for Buyer's credit (Sub limit of LC) | 0.00 |
| | **Total Facilities** | | **0.00** |
| ICICI Bank | Fund Based *Long Term* | Cash Credit | 17.50 |
| | | WCDL (Sub Limit of CC) | (17.50) |
| | Fund Based *Short Term* | Buyer's Credit (Sub limit of CC) | (4.50) |
| | Non Fund Based *Short Term* | Letter of Credit (ILC/FLC) | 12.50 |
| | | Counter Bank Guarantee (Sublimit of LC) | (10.50) |
| | **Total Facilities** | | **30.00** |
| **Total Exposure (Including all the banks)** | | | **58.00** |