

Rating Report

Brickwork Ratings on a review, reaffirms ratings for the Bank Loan Facilities aggregating ₹ 58.00 Crores of M/s Anu Products Limited.

On a review, Brickwork Ratings (BWR) has reaffirmed **Ratings¹** for the enhanced Bank loan facilities of Rs. 58.00 Crores (enhancement from Rs. 45.00 crores) to M/s Anu Products Limited (*The Company or APL*), as under

Facility	Previous Limits (₹ Crs)	Present Limits (₹ Crs)	Tenure	Previous Rating Nov 2013	Review Rating ¹
Fund Based Limits Long Term	27.00	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	2.00	0.00	Short Term	BWR A3	BWR A3 Reaffirmation
Non Fund Based Limits Short Term	16.00	20.50			
Total	45.00	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 FY14, Provisional financials of FY15 and projected financials of FY16, publicly available information and information/clarification provided by the firm's management.

The rating factors, inter alia, established operations of the Company, experienced management, strong distribution network and dealers, improvement in revenues Y-O-Y and favorable coverage ratios and debt equity. However, the rating is constrained by high inventory days and days' receivables leading to a stretched cash conversion cycle, stagnant in net profit margin from FY14 to FY15 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.

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

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.

APL has installed production lines in Emulsifiable Concentrate/Soluble Liquids, Wet/Dusting Powder and Granules Sections with installed capacity of 3750KLPA, 3000KLPA and 3300KLPA. Utilization levels are varying from ~70% to 80%. 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, provisional financials net revenue from operations has improved from Rs. 118.74 crores in FY14 to Rs. 138.39 crores in FY15. Operating profit margin has improved from 9.22% in FY14 to 9.74% in FY15 and net profit margin remained at a stagnant level of 3.99%. Tangible net-worth has improved from Rs. 34.93 crores in FY14 to Rs. 40.48 crores in FY15 due to retention of profits in the business. Company has reported favorable coverage ratios in FY15. Elongated cash conversion cycle is due to high inventory and receivable days. Key financials are presented in annexures.

Rating Outlook

The outlook of the Company for the next one year is expected to be stable. The rating is however, subject to alterations in the audited results of the Company for FY15. Going forward, ability of the Company to improve scale of operations, to sustain the capital structure achieved, to manage its working capital effectively by minimizing its cash conversion cycle will be the key rating sensitivities.

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M/s Anu Products Limited

Annexure-I

Name of the Bank		Nature of Facility	Previous Amount	Review Amount
			Rs. Crs	Rs. Crs
ING Vysya Bank	Fund Based <i>Long Term</i>	OD Stock –in-Trade / Book Debts	13.00	20.00
		WCDL (sub-limit of OD)	(8.00)	(16.00)
	Fund Based <i>Short Term</i>	Purchase Bills Discounting (sub-limit of OD in Review amount)	2.00	(2.00)
	Non Fund Based <i>Short Term</i>	LC/ILC	6.00	8.00
		Buyer's credit (sub limit of LC)	(6.00)	(8.00)
Total Facilities			21.00	28.00
Ratnakar Bank	Fund Based <i>Long Term</i>	Cash Credit	14.00	0.00
		WCDL (Sub Limit of CC)	(10.00)	0.00
	Non Fund Based <i>Short Term</i>	ILC/FLC	10.00	0.00
		FLC/ILC (Sub limit of CC)	(2.00)	0.00
		Bank Guarantee (Sub limit of LC)	(1.00)	0.00
		LUT for Buyer's credit (Sub limit of LC)	(5.00)	0.00
Total Facilities			24.00	0.00
ICICI Bank	Fund Based <i>Long Term</i>	Cash Credit	0.00	17.50
		WCDL (Sub Limit of CC)	0.00	(17.50)
	Fund Based <i>Short Term</i>	Buyer's Credit (Sub limit of CC)	0.00	(4.50)
	Non Fund Based <i>Short Term</i>	Letter of Credit (ILC/FLC)	0.00	12.50
		Counter Bank Guarantee (Sublimit of LC)	0.00	(10.50)
Total Facilities			0.00	30.00
Total Exposure (Including all the banks)			45.00	58.00

Annexure II			
M/s Anu Products Limited			
Statement of Profit and Loss	In ₹ Crores		
	FY13	FY14	FY15
	Audited	Audited	Provisional
Gross Sales	117.36	132.88	152.27
Excise Duty/Sales Tax	11.62	14.14	14.18
Net sales	105.74	118.74	138.39
Operating Income	0.00	0.00	0.00
Total Operating Income	105.74	118.74	138.39
Operating Expenses	95.60	107.79	124.91
Operating Profit Before Depreciation, Interest and Taxes	10.14	10.95	13.48
Depreciation	0.55	0.63	0.73
Operating Profit Before Interest and Tax	9.59	10.32	12.75
Interest and Finance Charges	4.55	4.34	5.81
Operating Profit Before Tax	5.04	5.98	6.94
Non- Operating Income(Expenses)	0.00	(0.02)	(0.03)
Profit Before Tax	5.04	5.96	6.91
Provision for Taxes	1.01	1.22	1.39
Profit After Tax	4.03	4.74	5.52

Annexure III			
M/s Anu Products Limited			
Balance Sheet	In ₹ Crores		
	FY13	FY14	FY15
	Audited	Audited	Provisional
EQUITY AND LIABILITIES			
Equity and Reserves	30.23	34.97	40.48
Share Capital/Partners capital	2.39	2.39	2.39
Reserves And Surplus	27.84	32.58	38.09
Non-current liabilities	5.53	6.11	8.58
Long term borrowings	3.61	2.97	5.82
Deferred Tax Liability(Net)	0.40	0.43	0.44
Other Long term borrowings	1.52	2.05	2.32
Long Term Provisions	0.00	0.66	0.00
Current liabilities	48.95	57.74	65.77
Short-Term Borrowings	28.99	30.06	34.46
Current Portion of Long Term Debt	0.12	0.30	0.00
Trade Payables	16.70	24.13	27.20
Other Current Liabilities	0.71	0.76	3.02
Short Term provisions	2.43	2.49	1.09
Total Liabilities	84.71	98.82	114.83
ASSETS			
Non-current assets	4.77	5.78	6.67
Net Fixed assets	4.54	5.58	6.67
Net Intangible Assets	0.04	0.04	0.00
Long Term Loans and Advances	0.19	0.16	0.00
Current assets	79.94	93.04	108.16
FD's with Banks	0.00	0.00	1.68
Inventories	41.44	44.49	53.23
Trade Receivables >Six Months	3.98	5.19	6.40
Trade Receivables < Six Months	29.95	39.08	44.38
Cash and Cash Equivalents	2.58	2.80	1.39
Short-Term Loans and Advances	1.99	1.48	1.08
Total Assets	84.71	98.82	114.83