

Anik Industries Limited

August 21, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	65.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* (Single C; ISSUER NOT COOPERATING*) on the basis of best available information
Short-term Bank Facilities	175.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*) on the basis of best available information
Total Facilities	240.00 (Rupees Two Hundred and Forty crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 15, 2019, placed the rating(s) of Anik Industries Ltd. (AIL) under the 'Issuer Non Cooperating' category as AIL had failed to provide information for monitoring of the ratings and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. AIL continues to be non-cooperative despite repeated requests for submission of information. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The revision in the ratings assigned to the bank facilities of AIL takes into account the feedback received from lender informing continuous overdrawing in its fund based working capital limits exceeding 30 days. The overdrawing was on account of AIL's tight liquidity following cash losses reported in FY19 and Q1FY20.

Detailed description of the key rating drivers

At the time of the last rating on July 9, 2019, following were the rating weaknesses (updated for the published results available from Bombay Stock Exchange and feedback received from lenders):

Key Rating Weaknesses

Overdrawing in cash credit limit exceeding 30 days: As informed by one of AIL's lender, there has been continuous overdrawing in AIL's fund based working capital limits for more than 30 days. This was due to AIL's tight liquidity following cash loss reported by AIL in FY19 as well as Q1FY20.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology – Wholesale trading](#)

[Financial ratios - Non- Financial Sector](#)

About the Company

Incorporated in 1976, AIL is engaged in commodity trading and real-estate development, after sale of its dairy business in September 2016. AIL trades in agro commodities such as edible oils, soya bean and wheat. It also engages in trading of other

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

*Issuer did not co-operate; Based on best available information

commodities such as coal and also imports crude palm oil and sells the same in bulk after getting it refined through third party refineries. In the real estate segment, AIL is developing a commercial cum residential real estate project in Kolkata, which is scheduled to be completed by December 2020.

Brief Financials (Rs. crore)	FY18 (A)	*FY19 (A)
Total operating income	636.50	616.38
PBILDT	30.64	(9.02)
PAT	13.84	(15.20)
Overall gearing (times)**	0.16	0.23
Interest coverage (times)	2.50	-ve

A: Audited; *as per FY19 abridged financials published on BSE; -ve: Negative; ** excluding LC backed creditors/acceptances

In respect of the provisional results for Q4FY19 and audited results for FY19, AIL's auditor has commented on the following matters, without qualifying the auditor's opinion on the same:

- With effect from quarter ending March 31, 2019, the company has changed its revenue recognition policy for its real estate business.
- AIL has made specific provision of Rs.14.42 crore and Rs.11.17 crore towards expected credit loss on its trade receivable and advances respectively. Considering the facts and circumstances of the case and the period for which the amounts are outstanding, the auditor is unable to comment on the adequacy of the provision made by the company.

Furthermore, as per financial results published on stock exchanges, AIL reported a net loss of Rs.3.51 crore and a cash loss of Rs.5.07 crore on a total operating income of Rs.117.35 crore during Q1FY20, compared with a PAT of Rs.0.48 crore and GCA of Rs.0.76 crore in Q1FY19.

Status of non-cooperation with previous CRA: Brickwork, vide its press release dated August 27, 2018, has placed the ratings for AIL under issuer non-cooperating category in absence of requisite information from the company to carry out a review.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	March 2019	^50.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* on the basis of best available information
Fund-based-Long Term	-	-	-	15.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* on the basis of best available

Non-fund-based-Short Term	-	-	-	165.00	information CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information
Term Loan-Short Term	-	-	-	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information

^Maturity date for part facility is March 2019; Balance amount is proposed

**Issuer did not cooperate; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings		Rating history				
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Term Loan-Long Term	LT	50.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE C; ISSUER NOT COOPERATING* (09-Jul-19)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (15-Mar-19) 2)CARE BB+ (Under Credit watch with Negative Implications) (18-Feb-19) 3)CARE BB+; Stable (06-Apr-18)	-	1)CARE BB+; Stable (29-Mar-17) 2)CARE BBB- (Under Credit Watch) (26-May-16)
2.	Fund-based-Long Term	LT	15.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE C; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE C; ISSUER NOT COOPERATING* (09-Jul-19)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (15-Mar-19) 2)CARE BB+ (Under Credit watch with Negative Implications) (18-Feb-19) 3)CARE BB+; Stable (06-Apr-18)	-	1)CARE BB+; Stable (29-Mar-17) 2)CARE BBB- (Under Credit Watch) (26-May-16)
3.	Non-fund-	ST	165.00	CARE D; ISSUER	1)CARE A4; ISSUER	1)CARE A4; ISSUER	-	1)CARE A4

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings		Rating history				
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	based-Short Term			NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	NOT COOPERATING* (09-Jul-19)	NOT COOPERATING* (15-Mar-19) 2)CARE A4 (Under Credit watch with Negative Implications) (18-Feb-19) 3)CARE A4 (06-Apr-18)		(29-Mar-17) 2)CARE A3 (Under Credit Watch) (26-May-16)
4.	Term Loan-Short Term	ST	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4; ISSUER NOT COOPERATING* on the basis of best available information	1)CARE A4; ISSUER NOT COOPERATING* (09-Jul-19)	1)CARE A4; ISSUER NOT COOPERATING* (15-Mar-19) 2)CARE A4 (Under Credit watch with Negative Implications) (18-Feb-19) 3)CARE A4 (06-Apr-18)	-	1)CARE A4 (29-Mar-17) 2)CARE A3 (Under Credit Watch) (26-May-16)

*Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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