



# ANUPAM RASAYAN INDIA LTD.

ARILSLDSTX20231005070

Date: October 05, 2023

To, <b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400001, India <b>SCRIP CODE: 543275</b>	To, <b>National Stock Exchange of India Limited</b> 'Exchange Plaza', C-1, Block-G, Bandra Kurla Complex Bandra (East), Mumbai 400051, India <b>SYMBOL: ANURAS</b>
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Dear Sir/ Madam,

**Subject: Intimation of credit rating under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations").**

Pursuant to the provisions of Regulation 30 of the SEBI (LODR) Regulations, we wish to inform the exchanges that credit rating agency CRISIL Ratings has reaffirmed its ratings on bank loan facilities of Anupam Rasayan India Limited at "CRISIL A/Positive/CRISIL A1".

**Rating Action:**

Total Bank Loan Facilities Rated	Rs. 710.7 Crores
Long Term Rating	CRISIL A/Positive (Reaffirmed)
Short Term Rating	CRISIL A1 (Reaffirmed)

The Rating Rationale dated October 05, 2023 received by the Company is enclosed. We request you to kindly note the same and take into your records.

The aforesaid information will also be disclosed on the website of the Company at [www.anupamrasayan.com](http://www.anupamrasayan.com).

Thanking You,  
Yours faithfully,

**For, Anupam Rasayan India Limited**

**Ashish Gupta**  
**Company Secretary and Compliance Officer**  
**Membership No. A46274**

Encl.: As above

## Rating Rationale

October 05, 2023 | Mumbai

### Anupam Rasayan India Limited

Ratings reaffirmed at 'CRISIL A / Positive / CRISIL A1 '

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.710.7 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL A/Positive (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>CRISIL A1 (Reaffirmed)</b>

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL Ratings has reaffirmed its ratings on bank loan facilities of Anupam Rasayan India Limited (ARIL) at "CRISIL A/Positive/CRISIL A1".

Rating reflects the company's established market position in the specialty chemicals industry, diversified customer base across geographies and wide array of product offerings. Rating also factors in strong financial risk profile. The above strengths are partially offset by large working capital requirements and moderate operating efficiency.

#### Analytical Approach

CRISIL Ratings has treated ECBs outstanding of Rs. 143.8 crores as on March 31, 2023, has been treated as debt.

#### Key Rating Drivers & Detailed Description

##### Strengths:

- **Established market position and strong relationship with large global customers:** The company has an established market position in the specialty chemical business supported by healthy product mix, diversified client base and long-term contracts with the customers. The company has reputed clients such as Sumitomo Chemical Company Limited, Syngenta, etc. and has global presence in Europe, Japan, Singapore, North America, etc. Exports' share was at 64% in fiscal 2023. The promoters have developed a strong understanding of the industry dynamics, which has helped them successfully navigate several business cycles as well as build longstanding relationships with customers. This can be seen from improving scale of operations to Rs 1284 crores for fiscal 2023. The company has executed contracts/LOIs worth Rs. 7600 crores which are to be executed over next 5-7 years which gives revenue visibility over medium term.
- **Healthy financial risk profile:** Capital structure was strong, as reflected in networth and total outside liabilities to tangible networth ratio of Rs 2359 crore and 0.5 times, respectively, as on March 31, 2023. Debt protection metrics were moderate, as indicated by interest coverage and net cash accrual to adjusted debt ratios of 6 times and 0.3 times, respectively, in fiscal 2023. With capital expenditure (capex) planned over medium term that will be funded through QIP raised of Rs 500 crores and internal accruals. Financial risk profile is expected to remain healthy over medium term.

##### Weakness:

- **Large working capital requirement:** Gross current assets (GCAs) were high at around 391 days as on March 31, 2023 net of cash (405 days a year earlier), driven by inventory and debtors of more than 350 days and 100 days, respectively. Inventory was higher at the year-end owing to inventory comprising of newer products and existing products to ensure timely and smooth supply to its customers. However, the same is expected to further improve with inventory days expected to improve over medium term which will remain key monitorable.
- **Moderate operating efficiency:** Operating efficiency is moderate on account of high working capital requirement which has led to moderate ROCE. Company is undergoing capex of Rs 670 crores which would impact the operating efficiency. But with the additional revenue coming in and expected decrease in working capital requirement, Operating efficiency is expected to improve and will remain monitorable over medium term.

#### Liquidity: Strong

Liquidity is marked by net cash accruals expected to be over Rs 250 crores against repayment obligations of Rs 30-130 crores over medium term. Bank Limit Utilization is 60% utilized for the last 12 months ending May 2023. Company has cash and cash equivalent of more than Rs 550 crores as on March 31, 2023. Company has capex plans of Rs 670 crore over medium term which is funded through QIP and Internal Accruals. Timely implementation of capex with out cost overrun and subsequent ramp up will remain monitorable.

#### ESG Profile

CRISIL Ratings believes that ARIL's Environment, Social, and Governance (ESG) profile supports its strong credit risk profile.

The Chemical sector has a high impact on the environment because of the high greenhouse gas (GHG) emissions, high hazardous waste generation by its core operations. The sector has a social impact because of its large workforce, impact on health and wellbeing of its workers and local community on account of its nature of operations.

ARIL has continuously focused on mitigating its environmental and social impact.

#### ARIL's Key ESG highlights

- ESG disclosures of the company are evolving, and it is in the process of further strengthening the disclosures going forward.
- Company's both manufacturing site is partially meeting its electricity power demand with renewable energy, which has helped to reduce carbon dioxide emission.
- ARIL's governance structure is characterized by 50% of its board comprising independent directors and the presence of investor grievance redressal mechanism.

There is growing importance of ESG among investors and lenders. ARIL's commitment to ESG principles will play a key role in enhancing stakeholder confidence.

#### Outlook: Positive

CRISIL Ratings believes ARIL's business risk profile will continue to benefit from its established market presence, reputed and diversified customer base and healthy profitability.

#### Rating Sensitivity factors

##### Upward factors

- Sustained revenue growth over 12-15% leading to higher than expected net cash accruals.
- Improved working capital cycle.

##### Downward factors

- Significantly lower than expected revenue or lower profitability constrains ROCE to below 9% over the medium term.
- Stretch in working capital cycle or larger than expected debt funded capex weakens the financial risk profile.

#### About the Company

ARIL, incorporated in 1977, is promoted by Mr Anand Desai. The company manufactures specialty chemicals used in the Crop Protection, pharmaceutical, polymer, pigment, and biocide industries. Its manufacturing units are at Sachin and Jhagadia, near Surat in Gujarat. The company has ISO 9001-2015, ISO 45001-2018 and ISO 14001-2015 certifications for quality, occupational health and safety and environmental management systems, respectively. The company is listed in BSE and NSE

#### Key Financial Indicators

Particulars	Unit	2023	2022
Revenue	Rs crore	1286	1073
Profit after tax (PAT)	Rs crore	166	149
PAT margin	%	13	13.8
Adjusted debt/adjusted networkth	Times	0.34	0.47
Interest coverage	Times	5.9	9.9

**Any other information:** Not applicable

#### Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

#### Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs Cr)	Complexity Level	Rating Assigned with Outlook
NA	External Commercial Borrowings	NA	NA	Dec-27	18.14	NA	CRISIL A/Positive
NA	Foreign Currency Term Loan	NA	NA	Mar-25	16.56	NA	CRISIL A/Positive
NA	Fund-Based Facilities	NA	NA	NA	285	NA	CRISIL A/Positive
NA	Long Term Loan	NA	NA	Mar-27	125	NA	CRISIL A/Positive
NA	Non-Fund Based Limit	NA	NA	NA	32	NA	CRISIL A1
NA	Term Loan	NA	NA	Dec-27	234	NA	CRISIL A/Positive

## Annexure - Rating History for last 3 Years

Instrument	Current			2023 (History)		2022		2021		2020		Start of 2020
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	678.7	CRISIL A/Positive		--	29-09-22	CRISIL A/Positive	02-06-21	CRISIL A/Stable	29-10-20	CRISIL A-/Stable	CRISIL A-/Stable
			--		--	07-07-22	CRISIL A/Positive	01-06-21	CRISIL A/Stable	08-10-20	CRISIL A-/Stable	--
Non-Fund Based Facilities	ST	32.0	CRISIL A1		--	29-09-22	CRISIL A1	02-06-21	CRISIL A1	29-10-20	CRISIL A2+	CRISIL A2+
			--		--	07-07-22	CRISIL A1	01-06-21	CRISIL A1	08-10-20	CRISIL A2+	--

All amounts are in Rs.Cr.

## Annexure - Details of Bank Lenders &amp; Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
External Commercial Borrowings	18.14	Standard Chartered Bank Limited	CRISIL A/Positive
Foreign Currency Term Loan	16.56	DBS Bank India Limited	CRISIL A/Positive
Fund-Based Facilities	76	Standard Chartered Bank Limited	CRISIL A/Positive
Fund-Based Facilities	56	YES Bank Limited	CRISIL A/Positive
Fund-Based Facilities	30	DBS Bank India Limited	CRISIL A/Positive
Fund-Based Facilities	43	State Bank of India	CRISIL A/Positive
Fund-Based Facilities	50	Axis Bank Limited	CRISIL A/Positive
Fund-Based Facilities	30	Qatar National Bank (Q.P.S.C.)	CRISIL A/Positive
Long Term Loan	125	Axis Finance Limited	CRISIL A/Positive
Non-Fund Based Limit	7	State Bank of India	CRISIL A1
Non-Fund Based Limit	25	Axis Bank Limited	CRISIL A1
Term Loan	34	YES Bank Limited	CRISIL A/Positive
Term Loan	75	Bajaj Finance Limited	CRISIL A/Positive
Term Loan	125	Standard Chartered Capital Limited	CRISIL A/Positive

## Criteria Details

Links to related criteria
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">Rating criteria for manufacturing and service sector companies</a>
<a href="#">CRISILs Bank Loan Ratings - process, scale and default recognition</a>
<a href="#">Rating Criteria for Chemical Industry</a>
<a href="#">CRISILs Criteria for rating short term debt</a>
<a href="#">Understanding CRISILs Ratings and Rating Scales</a>

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