



AJANTA SOYA LIMITED

An ISO 22000 : 2005 Certified Company
Corp. Office : 12th Floor, Bigjo's Tower, A-8, Netaji Subhash Place,
Wazirpur District Centre, Delhi-110 034
Tel. : 91-11-42515151 • Fax : 91-11-42515100
E-mail :- info@ajantasoya.com • care@ajantasoya.com
Visit us at : www.ajantasoya.com
CIN - L-15494RJ1992PLC016617

18th August, 2023

Department of Corporate Services

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

BSE Scrip Code: 519216

Sub:- Intimation of Credit Ratings under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that CRISIL Ratings Limited ("CRISIL") has revised the credit ratings of the Company's long term and short term credit facilities as mentioned below:

Total Bank Loan Facilities Rated	Rs. 170 Crore
Long-Term Rating	CRISIL BBB/Stable (Downgraded from 'CRISIL BBB+ /Stable')
Short-Term Rating	CRISIL A3+ (Downgraded from 'CRISIL A2')

We are enclosing herewith a copy of Rating Rationale.

This is for your information and record please.

Thanking you

Yours Sincerely

For Ajanta Soya Limited

Sushil
Kumar
Goyal

Digitally signed by
Sushil Kumar Goyal
Date: 2023.08.18
16:23:34 +05'30'

Sushil Goyal
Managing Director
DIN: 00125275

Encl.: As above

Rating Rationale

August 17, 2023 | Mumbai

Ajanta Soya Limited

Ratings downgraded to 'CRISIL BBB/Stable/CRISIL A3+'

Rating Action

Total Bank Loan Facilities Rated	Rs.170 Crore
Long Term Rating	CRISIL BBB/Stable (Downgraded from 'CRISIL BBB+/Stable')
Short Term Rating	CRISIL A3+ (Downgraded from 'CRISIL A2')

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 downgraded its ratings on the bank facilities of Ajanta Soya Limited (ASL) to 'CRISIL BBB/Stable/CRISIL A3+' from 'CRISIL BBB+/Stable/CRISIL A2'.

The downgrade factors in the decline in the company's operating margin in fiscal 2023 as a result of declining realisations of its products resulting in inventory losses. Operating margin reduced to 0.5% in fiscal 2023 as compared to 3.78% in fiscal 2022. Company's operating income in fiscal 2023 is Rs 1236.2 crore, declining by 8.1% from Rs 1345.3 crore in fiscal 2022 primarily on account of decrease in realizations. This, coupled with its lower margins led to net cash accruals declining to Rs 4.7 crore in fiscal 2023 compared to accruals of Rs 44.09 crore in fiscal 2022. However, there is no long-term debt on the company's books and hence no repayment obligations. The operating margin is expected to gradually recover going ahead aided by an uptick in prices. Even then, the company's operating margins are likely to remain constrained in fiscal 2024 and hence would remain key monitorable. Expected improving realizations as well as an expected healthy demand will support the scale of operations in fiscal 2024.

The financial risk profile remained healthy. Networth is strong at Rs 125.8 crore as on March 31, 2023. Prudent management of working capital cycle ensures limited reliance on working capital debt thereby resulting in a healthy capital structure, as reflected in gearing and total outside liabilities to adjusted networth (TOLANW) ratio of 0.01 time and 0.84 times as on March 31, 2023. On account of the dip in operating margin in fiscal 2023, the interest cover had moderated to 2.13 times during the fiscal. However, with expected recovery in operating margin, the interest cover is expected to improve to over 6 times in fiscal 2024. Net cash accruals by adjusted debt (NCA/AD) ratio remained comfortable – it was 4.30 times in fiscal 2023 and is expected to remain healthy going ahead.

The rating reflects ASL's established market position and extensive industry experience of the promoters, a robust financial risk profile and efficiently managed working capital cycle. These strengths are partially offset by exposure to intense competition in edible oil industry and vulnerability to volatility in raw material prices.

Key Rating Drivers & Detailed Description

Strengths:

- Established market position and extensive industry experience of the promoters:** The three-decade long experience of the promoters in the edible oil industry, their understanding of local market dynamics and healthy relationships with suppliers and customers should continue to support the business. The business risk profile is further supported by association with reputed clientele such as Britannia Industries Ltd, Parle Biscuits Ltd, ITC Ltd, etc. Furthermore, company has a diversified product portfolio of refined oil (palm oil, palmolein oil, soyabean oil, cottonseed oil, groundnut oil, mustard oil, etc.), vanaspati, and bakery products. Around 40% of revenue is generated from sales under own brands.
- Robust financial risk profile:** Networth is strong at Rs 125.8 crore as on March 31, 2023. Prudent management of working capital cycle ensures limited reliance on working capital debt thereby resulting in a healthy capital structure, as reflected in gearing and TOLANW ratio of 0.01 time and 0.84 times as on March 31, 2023. On account of the dip in operating margin in fiscal 2023, the interest cover had moderated to 2.13 times during the fiscal. However, with expected recovery in operating margin, the interest cover is expected to improve to over 6 times in fiscal 2024. NCA/AD ratio remained comfortable – it was 4.30 times in fiscal 2023 and is expected to remain healthy going ahead.
- Efficiently managed working capital cycle:** Working capital cycle continues to be managed efficiently, as reflected in gross current assets (GCAs) of 45 days as on March 31, 2023, driven by debtors and inventory of 11 days and 33 days respectively. Working capital cycle would continue to remain prudently managed with GCAs expected to be in the range of 50-55 days going ahead.

Weaknesses:

- **Exposure to intense competition in edible oil industry:** The edible oil industry has a few big, and many small unorganised players. About 60% of the segment is serviced by the unorganised sector, which caters to regional demand to save on transportation cost. This has led to intense competition and hence low operating margins for players. Furthermore, prices of the edible oils are directly linked to the prices of Crude Palm Oil (CPO), which have remained highly volatile. Over 90% of procurement comes from the international market and any sharp fluctuation in forex rates affects procurement cost and accruals. The industry is also vulnerable to government policy in the form of duties imposed on the import of refined and crude edible oil, and volatility in edible oil prices and foreign exchange (forex) rates. Any large variation in prices of edible oil or forex rates could adversely impact the margins of players.
- **Vulnerability to volatility in raw material prices:** Operations are exposed to inherent risks associated with the agriculture-based commodity business, such as availability of raw material or fluctuations in prices. For instance, the solvent extraction business is exposed to availability of crude palm oil in the domestic market as well as the international prices of crude palm oil that are imported. Oil prices also depend on global demand-supply and movement in the prices of other edible oils (such as palmolein and vanaspati). Vulnerability to volatility in raw material prices has resulted in operating margins declining steeply to 0.5% in fiscal 2023 as compared to 3.78% in fiscal 2022. The operating margin is expected to gradually recover going ahead aided by an uptick in prices. Even then, the company's operating margins are likely to remain constrained in fiscal 2024 and hence would remain key monitorable.

Liquidity: Adequate

The company has fund-based bank limit of Rs 15 crore which has remained unutilized over the last 9 months ended June 2023. Net cash accruals had dipped to Rs 4.7 crore in fiscal 2023 however there were no repayment obligations against the same. The dip in net cash accruals was on account of drop in operating margin during the fiscal year. However, with expected improvement in operating margin in fiscal 2024, the net cash accruals are expected to improve to around Rs 15-16 crore against which there are nil repayments. With further improvement in the operating margin to previous level, the net cash accruals are expected to improve to around Rs 28 – 37 crore over fiscal 2025 and fiscal 2026. There are no expected repayment obligations against the same and hence these will add cushion to the liquidity. Company had mutual fund investments of Rs 8.23 crore as on March 31, 2023 (P.Y. Rs 17.06 crore) and cash & bank balance of Rs 0.31 crore as on March 31, 2023 (P.Y. 5.32 crore). These additionally support liquidity. Current ratio was 1.84 times as on March 31, 2023 and projected to be around 1.9 times in FY24.

Outlook: Stable

CRISIL Ratings believe ASL will continue to benefit from the extensive experience of its promoter, and established relationships with clients.

Rating Sensitivity factors

Upward factors:

- Sustained and healthy volumetric growth along with operating margin improving to around 3.0%.
- Sustenance of efficient working capital management and healthy financial risk profile

Downward factors:

- Decline in revenue or operating profitability below 1.5% leading to lower-than-expected net cash accruals.
- Large, debt-funded capital expenditure or stretch in the working capital cycle weakening the capital structure.

About the Company

Incorporated in 1992, ASL is promoted and managed by Mr. Sushil Kumar Goyal and his son. The company is listed on Bombay Stock Exchange Ltd since 1993. It is engaged in manufacturing, refining of oil, vanaspati and bakery products shortening like biscuits, puffs, pastries, and other applications. ASL markets its products through its brands, "Dhruv, Anchal, Parv, Nuti 1992, ASL Pure & Fine Fingers". The manufacturing facility is located at Bhiwadi (Rajasthan) with a total installed capacity of 1,65,000 mtph.

Key Financial Indicators

As on / for the period ended March 31		2023	2022
Operating income	Rs crore	1236.21	1345.27
Reported profit after tax	Rs crore	2.24	42.20
PAT margins	%	0.18	3.14
Adjusted Debt/Adjusted Net worth	Times	0.01	--
Interest coverage	Times	2.13	48.12

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. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs. Crore)	Complexity Level	Rating assigned with outlook
NA	Bank Guarantee	NA	NA	NA	2	NA	CRISIL A3+
NA	Foreign Exchange Forward	NA	NA	NA	6	NA	CRISIL A3+
NA	Foreign Exchange Forward	NA	NA	NA	4	NA	CRISIL A3+
NA	Fund-Based Facilities	NA	NA	NA	15	NA	CRISIL BBB/Stable
NA	Inland/Import Letter of Credit	NA	NA	NA	50	NA	CRISIL A3+
NA	Letter of Credit	NA	NA	NA	93	NA	CRISIL A3+

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	ST/LT	25.0	CRISIL A3+ / CRISIL BBB/Stable		--	30-11-22	CRISIL BBB+/Stable / CRISIL A2		--	17-07-20	Withdrawn	CRISIL BB+/Stable / CRISIL A4+
Non-Fund Based Facilities	ST	145.0	CRISIL A3+		--	30-11-22	CRISIL A2		--	17-07-20	Withdrawn	CRISIL A4+

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	2	State Bank of India	CRISIL A3+
Foreign Exchange Forward	6	State Bank of India	CRISIL A3+
Foreign Exchange Forward	4	Standard Chartered Bank Limited	CRISIL A3+
Fund-Based Facilities	15	State Bank of India	CRISIL BBB/Stable
Inland/Import Letter of Credit	50	Standard Chartered Bank Limited	CRISIL A3+
Letter of Credit	93	State Bank of India	CRISIL A3+

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
CRISILs Bank Loan Ratings
The Rating Process
CRISILs Criteria for rating short term debt
Understanding CRISILs Ratings and Rating Scales

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com</p> <p>Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com</p> <p>Rutuja Gaikwad Media Relations CRISIL Limited B: +91 22 3342 3000 Rutuja.Gaikwad@ext-crisil.com</p>	<p>Nitin Kansal Director CRISIL Ratings Limited D:+91 124 672 2154 nitin.kansal@crisil.com</p> <p>Akhil Kumar Associate Director CRISIL Ratings Limited B:+91 124 672 2000 Akhil.Kumar@crisil.com</p> <p>Smriti Singh Manager CRISIL Ratings Limited B:+91 124 672 2000 smriti.singh@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestordesk@crisil.com</p>

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment

and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html>