

OCTOBER 06, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF KRITI NUTRIENTS LIMITED

Ratings

Facilities	Amount (Rs. Crore)	Ratings ¹	Remarks
Long term Bank Facilities	44.02 (reduced from Rs.47.68 crore)	CARE BBB (Triple B)	Reaffirmed
Long/Short-term Bank Facilities	20.00	CARE BBB/ CARE A3+ (Triple B/ A Three Plus)	Reaffirmed
Total Facilities	64.02 (Rupees Sixty Four Crore and Two Lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Kriti Nutrients Limited (KNL) continue to derive strength from its established operations with strong brand and marketing network in Central India, growing total income along with steady profitability backed by increased thrust on branded refined soya oil and other value added soya products and KNL's financial risk profile marked by comfortable overall gearing ratio and debt coverage indicators and moderate working capital requirement.

The ratings, however, continue to remain constrained on account of KNL's presence in the highly competitive edible oil industry, seasonality associated with availability of soya seeds and volatile agro-commodity prices with linkages to international markets. The ratings also take into account the declining competitiveness of Indian soya De-Oiled-Cake (DOC) in world market impacting the operation of soya seed processing units in India.

Increase in KNL's scale of operations along with improvement in its profitability and efficient working capital management shall be the key rating sensitivities.

Background

KNL, de-merged in January 2010 from Kriti Industries (India) Ltd (KIL; rated CARE BBB+/ CARE A2), is engaged in the extraction of soya oil from soya seeds and refining of crude soya oil and manufacturing of other value added soya based products.

KIL, promoted in 1990 by Mr Shiv Singh Mehta, had two divisions before the demerger, viz, solvent extraction and plastic fittings & engineered auto components. The plastic fittings & engineered auto components division continues to remain with KIL.

KNL's manufacturing facilities are located at Dewas, Madhya Pradesh (MP) with a solvent extraction capacity of 360,000 metric tonne per annum (MTPA) and oil refining capacity of 60,000 MTPA as on March 31, 2016.

As per the audited results for FY16 (refers to period April 1 to March 31), KNL reported a total operating income of Rs.359.01 crore (FY15: Rs.311.90 crore) and PAT of Rs.6.29 crore (FY15: Rs.5.76 crore). Further, as per the un-audited results for Q1FY17, KNL earned a total operating income of Rs.95.98 crore and PAT of Rs.1.53 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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