**APRIL 14, 2015**

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF MODERN INSECTICIDES LIMITED**

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Amount (Rs. crore)</th>
<th>Ratings¹</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long/Short term Bank Facilities</td>
<td>17.7</td>
<td>CARE BB/CARE A4 (Double B/A Four)</td>
<td>Reaffirmed</td>
</tr>
<tr>
<td><strong>Total Facilities</strong></td>
<td><strong>17.7</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Rating Rationale**

The ratings of Modern Insecticides Limited (MIL) continue to be constrained by its weak financial risk profile characterized by low profitability margins, high gearing and stressed liquidity position. The ratings further take into account the vulnerability of MIL's sales & profitability to the agro-climatic conditions and highly fragmented nature of the industry leading to pricing pressure.

The ratings derive comfort from the experienced promoters and long track record of the company, diverse product portfolio & customer base.

Going forward, the ability of MIL to scale up its operations while maintaining profitability and managing its working capital requirements would be the key rating sensitivity.

**Background**

Incorporated in 1990, MIL was later converted into a public limited company in November 1992. The company is engaged in the manufacturing of various kinds of pesticides formulations and crop saving material. MIL is promoted by Mr Avtar Singh, Mr Surinder Singh and Mr Charanjit Singh, all having vast experience in the field of pesticides formulation.

Furthermore, MIL has obtained registrations of its products in 25 countries. MIL operates three manufacturing facilities, two located at Ludhiana (Punjab) and one located at Udhampur (J&K), with a combined capacity of 5,000 tonnes per annum (TPA).

In FY14 (refers to the period April 1 to March 31), MIL registered a total operating income of Rs.171.83 crore with a net profit of Rs.0.90 crore.

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¹ Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications
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