

**Kissan Industries**  
**April 12, 2021**

**Rating**

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	8.00	<b>CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)</b>	<b>Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)</b>
<b>Total Facilities</b>	<b>8.00 (Rs. Eight Crore Only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated February 24, 2020, placed the rating of Kissan Industries under the 'issuer non-cooperating' category as KI had failed to provide information for monitoring of the rating. KI continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated March 15, 2021, March 12, 2021, March 11, 2021 and March 10, 2021. 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 rating(s).***

**Detailed description of the key rating drivers**

The long-term rating has been revised by taking into account non-cooperation by KI with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. The rating assigned to KI continues to remain constrained due to constitution of the entity being a partnership firm, fragmented nature of industry coupled with high level of government regulation and susceptibility to fluctuation in raw material prices and monsoon dependent operations.

**Key Rating Weaknesses*****Susceptibility to fluctuation in raw material prices and monsoon dependent operations***

Agro-based industry is characterized by its seasonality, due to its dependence on raw materials whose availability is affected directly by the vagaries of nature. The price of rice moves in tandem with the prices of paddy. Availability and prices of agro commodities are highly dependent on the climatic conditions. Adverse climatic conditions can affect their availability and leads to volatility in raw material prices. Any sudden spurt in raw material prices may not be passed on to customers completely owing to firm's presence in highly competitive industry.

***Partnership nature of constitution***

KI's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partners' capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners. Moreover, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision of the lenders.

***Fragmented nature of industry coupled with high level of government regulation***

The commodity nature of the product makes the industry highly fragmented with numerous players operating in the unorganized sector with very less product differentiation. There are several small scale operators which are not into end to-end processing of rice from paddy, instead they merely complete a small fraction of processing and dispose-off semi processed rice to other big rice millers for further processing. Furthermore, the concentration of rice millers around the paddy growing regions makes the business intensely competitive. The raw material (paddy) prices are regulated by government to safeguard the interest of farmers, which in turn limits the bargaining power of the rice millers.

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

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

**Analytical approach:** Standalone

**Applicable Criteria**

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

[Criteria on assigning 'Rating Outlook' and 'Credit Watch'](#)

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

[Liquidity analysis of Non-financial sector entities](#)

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

[CARE's methodology for manufacturing companies](#)

**About the firm**

The entity was set up in 1975 as a partnership firm under the name Kissan Rice Mill, however, in 1995, the name of the firm was changed to Kissan Industries. The firm is currently being managed by Mr. Inderjit Singh and Mr. Kiran Deep Singh. The firm is engaged in processing of paddy at its facility in Jalalabad, Punjab with an installed capacity of 10,800 tonnes per annum. Besides KI, the partners are also engaged in other group concerns-Kissan Solvex Private Limited (KSP) and Kissan Commission Agent. KSP is engaged in manufacturing rice bran oil and de-oiled cakes while Kissan Commission Agent is engaged in trading of paddy.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	25.31	28.96
PBILDT	0.89	0.95
PAT	0.11	0.12
Overall gearing (times)	9.56	2.08
Interest coverage (times)	1.18	1.18

**Status of non-cooperation with previous CRA:** CRISIL has conducted the review on the basis of best available information and classified Kissan Industries as "Not Co-operating" vide its press release dated October 15, 2020

**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
Fund-based - LT-Cash Credit	-	-	-	8.00	CARE B-; Stable; ISSUER NOT COOPERATING*

*\*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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	8.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE BB-; Stable (28-Jan-19)

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

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable**

**Annexure 4: Complexity level of various instruments rated for this firm**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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Email ID: [anand.jha@careratings.com](mailto:anand.jha@careratings.com)**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**