January 05, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF RUCHI SOYA INDUSTRIES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long Term Bank Facilities	3,794.71 (reduced from Rs.4,126.43 crore)	**CARE BBB+ (Triple B Plus)**	Reaffirmed
Long Term / Short Term Bank Facilities	6,931.40	**CARE BBB+/CARE A2 (Triple B Plus/A Two)**	Reaffirmed
Total Bank Facilities	**10,726.11 (Rupees Ten Thousand Seven Hundred Twenty Six Crore and Eleven Lakh Only)**		

Rating Rationale

The ratings for the bank facilities of Ruchi Soya Industries Limited (RSIL) continue to factor in its leadership position in the domestic edible oil market, established operations with a good mix of inland and port-based manufacturing facilities, experienced management, established marketing and distribution network, increase in branded sales and favourable demand scenario in the domestic market for edible oil along with backward integration initiative of establishing palm plantations.

The ratings, however, continue to remain constrained due to RSIL's high overall gearing, inherent low profitability due to intensely competitive agri-commodity industry along with its susceptibility to volatility in commodity prices, foreign exchange rates and changes in duty structure for edible oil imports and working capital nature of operations.

The ability of RSIL to improve its profitability and reduce its debt level would be the key rating sensitivities.

Background

Incorporated in January 1986, Ruchi Soya Industries Ltd. (RSIL) is engaged in crushing of oil seeds and extraction/refining of edible oil along with manufacturing of related products like vanaspati, textured proteins, and lecithin. It is also engaged in import/export as well as domestic trading of various agri-commodities. It is the flagship entity of the Indore, Madhya Pradesh based Ruchi Group, which has business interests spread across various sectors including edible oil, agri-commodity trading, liquid and dry storage warehousing for agri-products and real estate. RSIL has manufacturing presence at 20 locations across the country.

Based on the audited financials, on a standalone level, RSIL registered a total operating income of Rs.28,402 crore with a PAT of Rs.61 crore in FY15 compared with a total operating income of Rs.24,594 crore with a PAT of Rs.13 crore in FY14. Further, as per provisional results for H1FY16, RSIL reported a PBT of Rs.45 crore and a PAT of Rs.9 crore (after deferred tax of Rs.26 crore) on a total operating income of Rs.11,539 crore, compared with a PBT of Rs.18 crore and a PAT of Rs.5 crore (after deferred tax of Rs.7 crore) on a total operating income of Rs.12,810 crore during H1FY15.

Analyst Contact

Name: Mr. Naresh M. Golani
Tel: 079-4026 5618
Email: naresh.golani@careratings.com

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

CONTACT

Head Office Mumbai

Mr. Sanjay Kumar Agarwal
Mobile: + 91 8108007676
E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar
Mobile: + 91 9819084000
E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Mehul Pandya
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal
2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 9820998779
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Rakesh Jayaraman
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 76655 96136
Tel: +91-141-402 0213 / 14
E-mail: rakesh.jayaraman@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail:rahul.patni@careratings.com

CIN - L67190MH1993PLC071691