June 23, 2010

CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATINGS TO THE BANK FACILITIES OF CRYSTAL PHOSPHATES LTD.

Ratings

Facilities / Instruments	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	35.18	**'CARE BBB-' [Triple B (Minus)]**	Assigned
Short-term Bank Facilities	54.00	**'PR3' (PR Three)**	Assigned
Total Facilities	**89.18**		

Rating Rationale

The ratings factor in CPL's experienced promoter and management team, large number of molecule registrations in China and pan-India presence with established brands. However, the ratings are constrained by relatively poor solvency parameters, low profitability margins, vulnerability of sales to agro-climatic conditions and stringent regulatory framework for the agrochemicals industry. Further, the company's ability to maintain its leverage position and increase operations and profitability in the wake of growing concerns about agrochemical usage are the key rating sensitivities.

Company Profile

CPL, incorporated in 1997 by first generation technocrat Mr. Nand Kishore Aggarwal, is engaged in formulation and trading of technical-grade agrochemical products. CPL has extensive range of crop protection chemicals viz insecticides, miticides, fungicides, herbicides, micronutrients, along with zinc sulphate. Pesticides contribute approximately 95% of the total turnover in FY09 while the balance is from trading in fertilizers. In FY09, branded sales formed nearly 65% of total sales followed by institutional sales.

In FY09, CPL registered PAT of Rs.11 crore (Rs.4 crore in FY08) on total operating income of Rs.385 crore (Rs.222 crore in FY08).

During 9MFY2010, CPL recorded total income of Rs.444 crore and PAT of Rs.18.5 crore.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer
CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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

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