



Press Release

Criyagen Agri & Biotech Private Limited

March 04, 2024

Rating

Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loan	13.88 ^ (Reduced from Rs.15.00 crore)	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	Upgraded and removed from Issuer Not Cooperating Category	Simple
Long Term Bank Facilities – GECL	3.68 ^	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	Assigned	Simple
Long Term Bank Facilities – Cash Credit	15.00	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	Upgraded and removed from Issuer Not Cooperating Category	Simple
Long Term Bank Facilities – Cash Credit	4.00	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	Assigned	Simple
Total	36.56 (Rs. Thirty-six crore and fifty-six lakhs only)			

^Outstanding as on December 31, 2023

Details of Facilities are in Annexure 1

Detailed Rationale

Earlier Infomerics Ratings had moved the ratings of Criyagen Agri and Biotech Private Limited (CABPL) into Issuer Not Cooperating category vide its press release dated December 22, 2023, due to non-submission of information required for detailed review of the company. However, the Company has started cooperating and submitted required information. Consequently, Infomerics Ratings has removed the rating from 'ISSUER NOT COOPERATING' category and revised the ratings.

The upgrade in the ratings assigned to the bank facilities of CABPL considers improvement in the business performance of the company in FY2023 marked by improvements in its total operating income and absolute profits leading to improvement in gross cash accruals coupled with satisfactory debt protection metrics. Further, the rating also derives strength from extensive experience of its promoters in the fertilizers & agrochemicals industry with a large product portfolio and a strong marketing network. However, these rating strengths remain constrained



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due to its leveraged capital structure, exposure to intense competition and exposure to risks inherent in the agrochemical and organic fertilizer market in India. Further, the ratings also note marginal moderation in the business performance of CABPL in 9MFY24. However, Infomerics Ratings expects that the financial risk profile of the company will continue to remain stable in the near term.

Key Rating Sensitivities:

Upward factors

- Growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis.
- Improvement in the capital structure with improvement in overall gearing ratio to below 1.5x
- Effective working capital management with improvement in operating cycle and liquidity.

Downward Factors

- Decline in operating income and/or profitability impacting the cash accrual and debt coverage indicators.
- Moderation in the capital structure with deterioration in overall gearing to over 2x
- Moderation in the liquidity position marked by further elongation in the operating cycle

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of the promoters

The promoters of “CABPL” have experience of over a decade in the manufacturing of biochemical fertilizers. The extensive experience of the promoters in the industry has helped the company in establishing its operational presence in the domestic markets over the years.

Large portfolio of formulations and strong marketing network

The company is offering a wide range of products in Bio-chemical fertilizer, Bio fertilizer, PROM (Phosphate Rich Organic Manure) and Bio control agents and has a strong marketing team managed under the leadership of Mr. Arjun Rudrappa Girennavar and Mr. Penchalaiah KS having experience of more than two decades coupled with a strong dealership and society network.

Stable financial performance; albeit marginal moderation in 9MFY2024

“CABPL” registered a steady growth at a CAGR of ~45% during FY21-FY23 with a y-o-y growth of ~35% in its total operating income (TOI) from Rs.124.85 crore in FY22 to Rs.168.78 crore in FY23 driven by increase in the sales of its products, favourable market climatic



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condition for crop production. The EBITDA margin of the company improved from 6.40% in FY22 to 8.92% in FY23 on the back of better cost optimization and drop in raw material cost. With increase in operating profit, PAT improved significantly from Rs.1.57 crore in FY22 to Rs.7.69 crore in FY23. The company had missed creating provision for tax in FY23 audited financials, however the company has advance tax of Rs.2.90 crore and the tax liability was Rs.2.25 crore as per ITR filed for AY2023-24. Hence, after adjusting the tax liability, adjusted PAT stood at Rs.5.44 crore for FY23. Gross cash accruals improved from Rs.4.96 crore in FY22 to Rs.11.93 crore in FY23. TOI moderated from Rs.137.05 crore during 9MFY23 to Rs.120.69 crore during 9MFY24 due to unfavourable climatic conditions. Consequently, EBITDA also decreased from Rs.13.36 crore during 9MFY23 to Rs.11.39 crore during 9MFY24. The company's ability to scale up its operations without compromising on its margins will be critical from credit perspective going forward.

Satisfactory debt protection metrics

The debt coverage indicators remained comfortable with ICR of 4.53x (3.90x in FY22), total debt/EBITDA of 3.69x (3.60x as on March 31,2022) and total debt/GCA of 4.66x (5.81x as on March 31,2022) as on March 31,2023.

Key Rating Weaknesses:

Leveraged capital structure

The capital structure of the company remained moderate over the past three account closing dates. The overall gearing moderated from 1.74x as on March 31, 2022 to 2.30x as on March 31, 2023.

Exposure to intense competition

Though the organic fertilizer segment comprises a very small portion of the overall fertilizer industry, it is susceptible to competition from large players who have the financial muscle and established distribution networks.

Exposure to risks inherent in the agrochemical and organic fertilizer market in India

The domestic agrochemicals and agrochemical industry faces many risks, including erratic monsoon, marketing of spurious pesticides and insecticides, and large working capital requirements. The demand for agrochemicals is driven by agricultural production, which depends on the monsoon. The fortunes of the agrochemicals industry are, therefore, linked to rainfall received during a year.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Policy of default recognition](#)

[Criteria – Complexity Level of Rated Instruments/Facilities](#)

Liquidity: Adequate

The liquidity position of the company is expected to remain adequate marked sufficient expected gross cash accruals against its debt repayment obligations during FY24-FY26. Further, the average working capital utilisation of the company in the past 12 months ended in December 2023 remained satisfactory at ~77% indicating an adequate liquidity buffer. However, the company has limited gearing headroom due to its moderate capital structure.

About the Company

Incorporated on May 27, 2008, Karnataka-based, Criyagen Agri & Biotech Private Limited was promoted by Mr. Basavaraj Girennavar. “CABPL” is involved in production of Biochemical fertilizer, Bio fertilizer, PROM and Bio control agents with an installed capacity of 3,28,500 MTPA. The products are tailored/designed to produce more crop yield per unit area while improving the eco system and bringing sustainability to agriculture. “CABPL” has manufacturing facilities at Bangalore, Bijapur, Sirsa and Ananthpur.

Financials (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	124.85	168.78
Total Income	125.17	168.98
EBITDA	7.99	15.06
PAT	1.57	7.69
Total Debt	28.77	55.61
Tangible Net worth	16.51	24.21
EBITDA Margin (%)	6.40	8.92
PAT Margin (%)	1.26	4.55
Overall Gearing Ratio (x)	1.74	2.30
Interest coverage ratio	3.90	4.53

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:



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India Ratings has continued to classify the rating of CABPL under “ISSUER NOT COOPERATING” category vide its Press Release dated July 14, 2022, due to unavailability of information.

CRISIL Ratings has continued to classify the rating of CABPL under “ISSUER NOT COOPERATING” category vide its Press Release dated December 20, 2023, due to unavailability of information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1	Term Loan	Long Term	13.88 ^ (Reduced from Rs.15.00 crore)	IVR BBB-/Stable	IVR BB+; Negative; ISSUER NOT COOPERATING * (December 22, 2023)	IVR BBB-/Stable (October 28, 2022)	-	-
2	GECL	Long Term	3.68 ^	IVR BBB-/Stable	-	-	-	-
3	Cash Credit	Long Term	15.00	IVR BBB-/Stable	IVR BB+; Negative; ISSUER NOT COOPERATING * (December 22, 2023)	IVR BBB-/Stable (October 28, 2022)	-	-
4	Cash Credit	Long Term	4.00	IVR BBB-/Stable	-	-	-	-

^Outstanding as on December 31, 2023

* Issuer did not cooperate; based on best available information

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About Infomerics Ratings:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics



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commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit <https://infomerics.com/>

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan I	-	-	June 2032	13.44 *	IVR BBB-/ Stable
Term Loan II	-	-	February 2026	0.44 *	IVR BBB-/ Stable
GECL	-	-	December 2026	3.68 *	IVR BBB-/ Stable
Cash Credit	-	-	-	19.00	IVR BBB-/ Stable

*Outstanding as on December 31, 2023

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-criyagen-mar24.pdf>



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Annexure 3: List of companies/Entities considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.