

The Malt Company (India) Private Limited ^(REVISED)

Instrument	Amount in Rs. Crore [^]	Rating Action
Term Loans	2.70 (reduced from 5.00)	[ICRA]B+; revised from [ICRA]BB (Stable)
Fund-based, Long-term facilities	15.00	[ICRA]B+; revised from [ICRA]BB (Stable)
Non-Fund Based, Short-term facilities	3.00 (enhanced from 2.00)	[ICRA]A4; reaffirmed
Unallocated Limits	4.30 (reduced from 30.00)	[ICRA]B+/[ICRA]A4; revised from [ICRA]BB (Stable)/[ICRA]A4

ICRA has revised its long term rating on the Rs. 17.70 crore (reduced from Rs. 20.00 crore) fund based facility of The Malt Company (India) Private Limited (MCIPL) to [ICRA]B+ (pronounced ICRA B plus) from [ICRA]BB (pronounced ICRA double B). ICRA has reaffirmed its short term rating on the Rs. 3.00 crore non-fund based facility (enhanced from Rs. 2 crore) of the company at [ICRA]A4 (pronounced ICRA A four). ICRA has also revised its rating on the Rs. 4.30 crore unallocated limits (reduced from Rs. 30 crore) of MCIPL to [ICRA]B+/[ICRA]A4 from [ICRA]BB/[ICRA]A4.

In revising the ratings, ICRA has taken a consolidated view of MCIPL along with PMV Maltings Private Limited (collectively referred to as the Malt Group), due to the operational and financial linkages and the common promoters and managements of the two entities.

The revision in the long term rating takes into account the deterioration in the company's financial profile as reflected by fall in operating income along with decline in profitability and return indicators, attributable to loss of some international customers as well as capital expenditure incurred in relation to revamping the company's ageing machinery.

The ratings continue to be constrained by the company's modest scale of operations resulting in limited pricing and bargaining power; the sector concentration risk and customer concentration risk to which the company is exposed, though this risk is largely mitigated by the long term relationship, of over four decades, with its customers, and the exposure to agro-climatic risk as the raw material (barley) is an agricultural produce. The ratings, however, favourably factor in the long track record of the company in the malt production business; favourable demand growth prospects over the medium to long term; established and long standing relationships with major health food producers, and limited competition in the industry due to the major capacities being vested with only two producers (the Malt group and Barmalt Maltings(India) Private Limited).

Company Profile

MCIPL was established in 1970 by Mr. P.K. Jain to produce barley malt and malt extract. The malt extract is sold in two forms liquid extract and malt extract powder. The company commenced operations with the facility located at Khandsa (Gurgaon) and subsequently established two more units at Pataudi (Gurgaon) and Kashipur (Uttarakhand) in 2002 and 2010 respectively. With effect from April 2013, the company was demerged with the transfer of Pataudi and Kashipur units to the newly formed company PMV, while MCIPL retained the Khandsa unit with an installed capacity of 25,000 metric tonnes per annum (MTPA) of Malt and 25,000 MTPA of liquid malt extract and 500 MTPA of Malt extract powder.

[^] 100 lakh = 1 crore = 10 million

* For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications



Recent Results

In 2014-15, MCIPL reported a net loss of Rs. 4.11 crore on an operating income of Rs. 76.26 crore, as against a net profit of Rs. 0.73 crore on an operating income of Rs. 85.41 crore in 2013-14.

Group Company: PMV Maltings Pvt. Ltd.

Incorporated in 2008, PMV Maltings Private Limited (PMV) was a dormant company till the demerger of MCIPL with effect from April 2013. Under the demerger scheme, MCIPL transferred two of its units i.e. Pataudi and Khasipur units to PMV which were established in 2002 and 2010 respectively while retaining the Khandsa based unit. PMV manufactures barley malt with an installed capacity of 30,000 MTPA and 150,000 MTPA at Pataudi and Kashipur units. In 2014-15, PMV reported a net profit of Rs. 4.49 crore on an operating income of Rs. 97.39 crore, as against a net profit of Rs. 4.83 crore on an operating income of Rs. 93.96 crore in 2013-14.

At a consolidated level, the Malt Group reported a net profit of Rs. 0.38 crore on an operating income of Rs. 173.65 crore in 2014-15, as against a net profit of Rs. 5.56 crore on an operating income of Rs. 179.36 crore in 2013-14.

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