

## Natural Remedies Private Limited

Instrument	Amount in Rs. Crore	Rating Action
<b>Fund Based Limits</b>	45.00 (earlier 46.00 crore)	[ICRA]A- (Stable); upgraded
<b>Non Fund Based Limits</b>	7.00 (earlier 1.50 crore)	[ICRA]A2+; upgraded
<b>Unallocated</b>	0.00 (earlier 4.50 crore)	-
<b>Total</b>	<b>52.00</b>	

ICRA has upgraded the long term rating assigned to Rs. 45.00 crore (earlier Rs. 46.00 crore) long term fund based limits of Natural Remedies Private Limited (NRPL) from [ICRA]BBB+ (pronounced ICRA triple B plus) to [ICRA]A- (pronounced ICRA A minus). ICRA has also upgraded the short term rating assigned to Rs. 7.00 crore (earlier Rs. 1.50 crore) non fund based limits from [ICRA]A2 (pronounced ICRA A two) to [ICRA]A2+ (pronounced ICRA A two plus). The outlook on the long term rating is 'Stable'.

The revision in the ratings primarily reflects the sustained improvement in sales and profitability of the company and expected improvement in the operating metrics in line with steady ramp up in production and process improvement measures coupled with healthy growth prospects for animal healthcare and human healthcare segments. Further, aggressive marketing of key products across segments is expected to enhance company's diversification in terms of customers and geographies going forward. The ratings continue to factor in the long track record of the company, extensive experience of its promoters and the company's leading market position in herbal animal healthcare industry. The ratings also takes note of NRPL's diversified product base across categories; its reputed domestic and international customer profile; its established relationships with raw material suppliers; and its strong R&D along with widespread distribution network. The ratings also factor in the strong financial profile of the company characterized by comfortable capital structure and healthy coverage indicators.

The ratings, however, continue to be constrained by the high working capital intensive nature of business owing to seasonality of raw materials and price sensitivity of the customers in the domestic animal healthcare segment; however the company is able to improve its profitability by cost reduction and optimization measures. The ratings also factor in the strong competition from herbal products of other players in the industry, and vulnerability of the company's profitability to foreign exchange fluctuations on account of substantial amount of revenues being derived from export sales. The company enters into forward contracts as and when required thus minimizing the vulnerability. The ratings also factor in the high dependence on 'Topicure' skincare product which contributes to ~19.8% of total revenues; however the brand also holds 60% market share in its category. ICRA also takes note of the capital expenditure to the tune of Rs. 11.41 crore being undertaken by the company to improve its processes which is expected to boost its revenues and profitability going forward.

### Company Profile

Natural Remedies Private Limited, headquartered at Bangalore, Karnataka is a manufacturer of standardized herbal extracts, phyto-chemicals and herbal veterinary healthcare products. NRPL started manufacturing herbal healthcare products in 1960s as a partnership firm. In 1998, it was incorporated as a Private Limited company. NRPL has two units- one in Bangalore (which also serves as an EOU) and second one at Thally in Tamil Nadu, 50 km from the Bangalore facility. Apart from these, NRPL also works with multiple job units through outsourcing to manufacture its animal healthcare products. Most of the products, especially in AHP category, are sold under its own brands in the domestic market, with the oldest brand Himalayan Batisa, active since last 50 years. NRPL has its own R&D unit, and its sales and distribution network is wide spread across the country.

**April 2016**

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