

Urvesh Psyllium Industries Limited

Instrument	Amount	Rating Action
CCH/PCH/FBP/FBD	Rs.9.50 crore	[ICRA]BB-(stable) Assigned
Stand by Limit	Rs.1.90 crore	[ICRA] BB-(stable) Assigned
Forward Cover	Rs.0.44 crore	[ICRA]A4 Assigned

The long term rating of [ICRA]BB-(stable) (pronounced as ICRA double B minus stable outlook) has been assigned to the Rs. 9.50 crore¹ of cash credit limit and Rs. 1.90 crore of stand by facility. The short term rating of [ICRA]A4 (pronounced as ICRA A four) has also been assigned to the Rs. 0.44 crore of forward cover facility of Urvesh Psyllium Industries Limited (UPIL)².

The assigned ratings are constrained by UPIL's weak financial profile characterised by low profitability owing to increasing raw material prices, stretched capital structure and weak coverage indicators. The ratings are further constrained by the vulnerability of the company's profitability to fluctuations in the psyllium seed prices which are exposed to agro-climatic risks, low bargaining power with customers due to the commoditised nature of products and partial/complete withdrawal of various export incentives extended by the Government of India. ICRA also factors in the risk associated with regulatory restrictions and socio-economic condition in the overseas markets since the company primarily exports majority of its products.

The ratings, however, take comfort from the established track record of the company for more than two decades in psyllium husk-manufacturing business. The ratings are also supported by the presence of a strong customer profile comprising reputed players in FMCG and pharmaceutical industries as well as the company's locational advantage by virtue of proximity to the raw material sources.

ICRA expects the profitability of the company to remain subdued on account of vulnerability to seasonality and agro-climatic conditions. With fully-utilised plant capacity, the ability of the company to improve the existing scale of operations, profit margins, capital structure while efficiently managing working capital will remain some of the key rating sensitivities.

Entity Profile

Urvesh Psyllium Industries Limited (UPIL) was established in 1949 as Rajendra Brothers and subsequently in 1995 the firm was converted into a limited company under its present name. UPIL is primarily involved in the business of manufacturing psyllium husk and psyllium husk powder from psyllium seeds at its manufacturing facility located at Unjha-Sidhpur region of Gujarat and has an output capacity of ~4000 MT of psyllium husk per annum.

The company is managed by Mr. Mayank Patel, Mr. Urvesh Patel and their family members who are also associated with other psyllium-processing firms — Unjha Formulations Ltd, Mayank & Co, Urvesh & Co, Gangotri Isabgul Industries, Rajratna Isabgul Industries, Dipak Industries and Himalaya Cold Storage.

Recent Results

During FY2016, UPIL reported an operating income of Rs. 83.11 crore and profit after tax of Rs. 0.39 crore as against an operating income of Rs. 81.85 crore and profit after tax of Rs. 0.38 crore in FY2015.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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