

Press Release
Karnataka Agro Chemicals
May 28, 2024



Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	60.78	ACUITE C Downgraded Issuer not co-operating*	-
Bank Loan Ratings	5.00	-	ACUITE A4 Downgraded Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	65.78	-	-

Rating Rationale

Acuite has downgraded long-term rating at '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short-term rating at '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.65.78 Crore bank facilities of Karnataka Agro Chemicals.

The rating is now indicative and is based on best available information. The rating downgrade is on account of information risk. This rating is now flagged as issuer not cooperating.

Rationale for downgrade

Acuite has considered the consolidated approach for Karnataka Agro Chemicals. Further, as per the reporting in Credit Bureau Report, one of the account of two group entities is into delinquency, hence there is a high likelihood of stretched liquidity. On the basis of the available information, rating is being downgraded.

About the Company

Karnataka Agro Chemicals (KAC) is based in Bengaluru, was established in 1974 by Dr. Mr. Gopalakrishna Pommayya Shetty. KAC manufactures various fertilizer products, viz.: Single Micronutrients (Chelated & Non-Chelated), Major Nutrients, Secondary nutrients (Chelated & Non-Chelated), Multi Micronutrients (Chelated & Non Chelated), Plant Bio-Activators, Plant Growth Regulator and Spray Adjuvants. It has manufacturing units at Nagarbhavi and Tumkur in Karnataka, Ghaziabad in Uttar Pradesh, and Bhubaneshwar in Odisha. Its daily operations are managed by Mr. Mahesh Gopalakrishna Shetty and Mr. Nishchita Mahesh Shetty.

About the Group

Multiplex Group comprises of three companies i.e. Karnataka Agro Chemicals (estd. 1974) , Multiplex Agricare Private Limited (estd. 1996) & Multiplex Bio-Tech Private Limited (estd. 2000). The group is engaged in manufacturing of fertilizers and related products. Karnataka Agro Chemicals (KAC) is based in Bengaluru, was established in 1974 by Dr. G.P Shetty. KAC manufactures various fertilizer products, viz.: Single Micronutrients (Chelated & Non Chelated), Major Nutrients, Secondary nutrients (Chelated & Non Chelated), Multi Micronutrients (Chelated & Non Chelated), Plant Bio-Activators, Plant Growth Regulator and Spray Adjuvants. It has manufacturing units at Nagarbhavi and Tumkur in Karnataka; Ghaziabad in Uttar Pradesh and Bhubaneshwar in Odisha. Its daily operations are managed by Mr. Mahesh Shetty. Incorporated in 2000, Multiplex Bio-Tech Private Limited (MBPL) is the

one of the Group Company of MULTIPLEX group. MBPL is promoted by Mr. Mahesh Gopalakrishna and his family members. It is engaged in manufacturing and marketing of

micronutrients fertilizers and various bio Products, viz. Multiplex Organic Manure, Bio-Fertilizers, Bio-Fungicides, Bio Insecticides and Bio Pesticides. The Group has manufacturing unit located at Nelamangala near Bangalore (Karnataka). It is also engaged in manufacturing of agro based bi-products which are used for agriculture crop growth.

Unsupported Rating

Not Applicable

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date. Acuité believes that information risk is a critical component in such ratings, and non - cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuité to comment upon.

Liquidity Position

No information provided by the issuer / available for Acuité to comment upon.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	324.00	305.12
PAT	Rs. Cr.	17.70	15.46
PAT Margin	(%)	5.46	5.07
Total Debt/Tangible Net Worth	Times	1.95	1.85
PBDIT/Interest	Times	4.97	4.25

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Mar 2023	Letter of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	19.02	ACUITE BBB- Stable (Reaffirmed)
	Secured Overdraft	Long Term	25.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	16.76	ACUITE BBB- Stable (Reaffirmed)
17 Dec 2021	Letter of Credit	Short Term	5.00	ACUITE A3 (Assigned)
	Proposed Long Term Bank Facility	Long Term	19.02	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	25.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	16.76	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Karnataka Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A4 Downgraded Issuer not co-operating* (from ACUITE A3)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	19.02	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BBB-)
Karnataka Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	25.00	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BBB-)
Karnataka Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2029	Simple	16.76	ACUITE C Downgraded Issuer not co-operating* (from ACUITE BBB-)

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

1. KARNATAKA AGRO CHEMICALS
2. MULTIPLEX AGRICARE PRIVATE LIMITED
3. MULTIPLEX BIOTECH PRIVATE LIMITED

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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