



SMERA RATINGS LIMITED

Shiva Global Agro Industries Limited (SGAIL)

*Rating
Rationale*

March 22, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	32.00	SMERA BB+/Stable (Assigned)
Term Loan I	0.09	SMERA BB+/Stable (Assigned)
Term Loan II	0.88	SMERA BB+/Stable (Assigned)
Term Loan III	0.28	SMERA BB+/Stable (Assigned)
Letter of Credit	18.00	SMERA A4+ (Assigned)

SMERA has assigned long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the above mentioned bank facilities of Shiva Global Agro Industries Limited (SGAIL). The outlook is '**Stable**'. The ratings are supported by the long track record of operations and experienced management. The ratings also draw comfort from the efficient working capital management and diversified customer base. However, the ratings are constrained by the moderate financial risk profile and thin profitability margins. The ratings also take into account the vulnerability of the company to regulatory changes and agro climatic risk associated with the fertiliser industry.

SMERA has consolidated the business and financial risk profiles of SGAIL, the parent company and its four subsidiaries viz. Ghatprabha Fertilisers Private Limited (GFPL), Shiva Paravati Poultry Feeds Private Limited (SPPF), Shrinivasa Agro Foods Private Limited (SAFPL) and Kirtiman Agro Genetics Limited (KAL) together referred to as the 'Shiva Group'. These companies derive significant business synergies from each other.

Outlook: Stable

SMERA believes that SGAIL will continue to benefit over the medium term on account of the extensive experience of its promoters. The outlook may be revised to 'Positive' if the company registers substantial increase in profitability margins supported by healthy revenue growth. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability margins or significant deterioration in the financial risk profile due to debt-funded capex or working capital borrowings.

Rating Sensitivity Factors

- Growth in revenues while improving operating margins
- Deterioration in the working capital management
- Improvement in debt coverage indicators
- Debt funded capex

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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About the Company

The Maharashtra-based SGAIL, the flagship company of the Shiva Group was incorporated in 1993. Promoted by Mr. Deepak Maliwal, Director, the company is engaged in the manufacture of fertilisers.

About the Group

The Shiva Group, mainly promoted by Mr. Deepak Maliwal, Mr. Narayanlal Kalantri, Mr. Madhusudan Kalantri and Mr. Omprakash Gilda, is engaged in the manufacture of fertilizers, seeds and extraction of soybean oil.

For FY2014-15, the group reported net profit of Rs.4.72 crore on operating income of Rs.518.70 crore, as compared with net profit of Rs.4.42 crore on operating income of Rs.525.97 crore in FY2013-14. The group's net worth stood at Rs.91.26 crore as on March 31, 2015 as compared with Rs.85.21 crore a year earlier.

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