

Press Release

Ghatprabha Fertilizers Private Limited

December 17, 2019



Rating Withdrawn

Total Bank Facilities Rated#	Rs. 22.75 Cr.
Long Term Rating	ACUITE B+ Withdrawn
Short Term Rating	ACUITE A4 Withdrawn

#Refer Annexure for details

*The issuer did not co-operate; based on best available information.

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE B+** (**read as ACUITE B plus**) and the short term rating of '**ACUITE A4** (**read as ACUITE A four**) on the Rs. 22.75 crore bank facilities of Ghatprabha Fertilizers Private Limited (GPL). The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

The Karnataka based, GPL was incorporated in 2005. The company is engaged in the manufacturing of NPK fertilizers and soil conditioners. GPL is a subsidiary of Shiva Global Agro Industries Limited (SGAIL), which is engaged in the manufacturing of fertilizers, seeds and extraction of soybean oil. The manufacturing facility has an installed capacity of 97200 metric tons per annum with ~30 percent utilisation.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations:**

The company was incorporated in 2005, thus having a track record of over a decade in the fertilizers industry. The Directors, Mr. Madhusudan Kalantri has over three decades and Mr. Shashikant Puramwar has two decades of experience in the aforementioned industry. Further, Mr. Santosh Hanumandas Malpani and Mr. Anand Gilda have an experience of over a decade in the same line of business. Hence, long track record of operations and vast experience of management has helped the company to develop healthy relationship with its customers.

- **Moderate financial risk profile:**

The financial risk profile of GPL is moderate marked by moderate net worth, debt protection metrics and leverage ratios. The tangible net worth of GPL stood at Rs. 15.27 crore as on 31 March, 2019 as against Rs. 14.60 crore as on 31 March, 2018. Gearing (debt-equity) stood moderate at 1.02 times as on 31 March, 2019 as against 1.45 times in the previous year. The total debt of the company as on 31 March, 2019 stood at Rs. 15.63 crore comprises of unsecured loans of Rs. 3.79 crore, working capital limits of Rs. 11.76 crore and term loan outstanding of Rs. 0.07 crore. The coverage indicators stood moderate marked by interest coverage ratio (ICR) of the company at 1.63 times in FY2019 as against 1.51 times in the previous year. The debt service coverage ratio (DSCR) stood at 1.51 times in FY2019 as compared to 1.37 times in FY2018. Total outside liabilities to tangible net worth stood high at 1.48 times as on 31 March, 2019 as against 2.46 times in the previous year.

Weaknesses

- **Stretched working capital operations**

GPL's working capital operations have been stretched marked by high GCA days of 275 days in FY2019 as against 428 days in FY2018. This is mainly due to high inventory of 182 days in FY2019 as against 285 days in FY2018. The debtor days are high at 102 days in FY2019 as against 151 days in FY2018.

About the Rated Entity - Key Financials

Particulars	Unit	2019	2018
Operating Income	Rs. Crore	41.35	36.73
Profit after tax (PAT)	Rs. Crore	0.69	0.46
PAT margin	%	1.66	1.27
Total debt / Tangible Net worth	Times	1.02	1.45
PBDIT / Interest	Times	1.63	1.51

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
8-Oct-2018	Cash Credit	Long Term	18.00	ACUITE B+ /Stable (Downgraded)
	Proposed Bank Facility	Long Term	4.00	ACUITE B+/ Stable (Assigned)
	Bank Guarantee	Short Term	0.75	ACUITE A4 (Downgraded)
10-Aug-2017	Cash Credit	Long Term	22.00	ACUITE BB-/ Stable (Downgraded)
	Bank Guarantee	Short Term	0.75	ACUITE A4+ (Downgraded)
2-Jun-2016	Cash Credit	Long Term	22.00	ACUITE BB/ Stable (Assigned)
	Bank Guarantee	Short Term	0.75	ACUITE A4+ (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	18.00	ACUITE B+ (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B+ (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE A4 (Withdrawn)

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About Acuité Ratings & Research:

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