

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Rating Withdrawn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Long Term Rating	ACUITE B+ Withdrawn
Short Term Rating	ACUITE A4 Withdrawn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

Acuite has withdrawn the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 22.75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 (GFPL). The rating withdrawal is in accordance with Acuite'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The rating is being withdrawn on account of request received from the company and NOC received from the banker.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, GFPL was incorporated in 2005. The company is engaged in the manufacturing of NPK fertilizers and soil conditioners. GFPL 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 GFPL is moderate marked by moderate net worth, debt protection metrics and leverage ratios. The tangible net worth of GFPL 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**

GFPL'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

Acuite 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)

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

Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuited.in</p> <p>Disha N. Parmar Analyst - Rating Operations Tel: 022-49294054 Disha.parmar@acuited.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-49294011 rating.desk@acuited.in</p>

About Acuite Ratings & Research:

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

Disclaimer: An Acuite 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. Acuite 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, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite 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. Acuite 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.acuited.in) for the latest information on any instrument rated by Acuite.