



Press Release

Shiva Parvati Poultry Feed Private Limited

October 16, 2018

Rating Upgraded

Total Bank Facilities Rated*	Rs. 45.00 Cr.
Long Term Rating	ACUITE BB+ / Outlook: Stable (Upgraded from ACUITE BB /Stable)

* Refer Annexure for details

Rating Rationale

Acuite has upgraded long-term rating of '**ACUITE BB+**' (read as **ACUITE BB plus**) on the Rs. 45.00 crore bank facilities of SHIVA PARVATI POULTRY FEED PRIVATE LIMITED. The outlook is '**Stable**'.

Shiva Parvati, incorporated in 2004 is led by the Directors, Mr. Madhusudan Pannalal Kalantri, Mr. Dnyaneshwar Balkrishna Mamde and Mr. Dilip Balaji Chakkarwar. The company is engaged in the extraction of soybean crude oil and manufacturing of poultry feed at Nanded with installed capacity of 300 tons per day. The company is a subsidiary of Shiva Global Agro Industries Limited (SGAIL), engaged in the manufacturing of fertilisers, seeds and extraction of soybean oil.

Key Rating Drivers

Strengths

- **Long track record of operations and experienced management**

Shiva Parvati is engaged in the extraction of soybean crude oil and poultry feed cake since 2004. The company benefits from its long track record of more than a decade. The Directors have around three decades of experience in the fertilisers and seeds industry. This has enabled the company forge established relationships with customers and suppliers. Acuite believes that Shiva Parvati will continue to benefit from its experienced management and synergies from being a part of Shiva Group.

- **Improvement in Financial Risk profile**

The financial risk profile of the company has improved backed by improvement in net worth, coverage ratios and debt protection metrics. The net worth of the company stood at Rs.17.88 crore as on 31 March 2018 (Prov) as against Rs.16.26 crore as on 31 March 2017. Gearing stood at 1.75 times as on 31 March 2018 (Prov) as against 2.63 times as on 31 March 2017. The total debt of Rs.31.22 crore as on 31 March 2018 (Prov) comprises of term loan outstanding of Rs.0.11 crore, unsecured loans of Rs.3.21 crore and working capital borrowing of Rs.27.90 crore. ICR stood at 1.62 times for FY2018 (Prov) as against 1.58 times for FY2017. TOL/TNW stood at 1.99 times as on 31 March 2018 (Prov) as against 3.15 times as on 31 March 2017. Acuite believes the company will maintain its financial risk profile backed by moderate net cash accruals and in absence of any debt funded capex.

- **Moderate working capital operations**

The company operates in a moderate working capital intensive nature of business marked by Gross Current asset days of 111 for FY2018 (Prov.) as against 144 for FY2017. The decrease in GCA is majorly on account of decline in debtor days to 65 for FY2018 (Prov.) as against 97 for FY2017. The inventory days stood at 45 for FY2018 (Prov.) Further, the average bank limit utilization for last six month ending September 2018 stood at ~80 per cent.

Weaknesses

• Decline in profitability in FY2017

The profitability of the company had declined in FY2017 over FY2016. The EBITDA margin of the company stood at 3.78 per cent in FY2017 over 4.74 per cent in FY2016. Further, the EBITDA margins stood at 4.35 per cent for FY2018 (Prov). The decline in margins are majorly on account of increase in raw material prices in FY2017. Profit after tax margins stood at 1.03 per cent for FY2018 (Prov) as against 0.80 per cent for FY2017.

• Intense competition and vulnerability of margins

The Indian agricultural industry is highly fragmented with several organised and unorganised players and low capital investment requirements. Also, the company is exposed to seasonality in agriculture commodities mainly soya seeds. Moreover, the profit margins of Shiva Parvati are vulnerable to fluctuations in raw material prices. The inventory holding period is high due to seasonality

Analytical Approach

Acuite has considered standalone business and financial risk profile of Shiva Parvati to arrive at the rating.

Outlook: Stable

Acuite believes that Shiva Parvati's outlook will remain stable owing to the promoters experience in the industry. The outlook may be revised to 'Positive' if the scale of operations increases substantially, while improving its profitability. Conversely, the outlook may be revised to 'Negative' in case of weakening of profitability margins or if the company registers deterioration in its financial risk profile and elongation in working capital cycle management.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	153.53	153.60	116.64
EBITDA	Rs. Cr.	6.68	5.81	5.53
PAT	Rs. Cr.	1.59	1.23	0.93
EBITDA Margin	(%)	4.35	3.78	4.74
PAT Margin	(%)	1.03	0.80	0.80
ROCE	(%)	11.67	9.73	19.69
Total Debt/Tangible Net Worth	Times	1.75	2.63	2.30
PBDIT/Interest	Times	1.62	1.58	1.43
Total Debt/PBDIT	Times	4.62	7.28	6.58
Gross Current Assets (Days)	Days	111	144	154

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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
17-Aug-2017	Warehouse Receipt Financing	Long Term	INR 10	ACUITE BB / Stable
	Cash Credit	Long Term	INR 35	ACUITE BB / Stable
02-Jun-2016	Cash Credit	Long Term	INR 35	ACUITE BB / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	35.00	ACUITE BB+ / Stable (Upgraded)
Warehouse Receipt Financing	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BB+ / Stable (Upgraded)

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About Acuité Ratings & Research:

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