

Press Release

Sanskar Agro Processors Private Limited

December 29, 2021



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.50		ACUITE A4 Reaffirmed & Withdrawn
Bank Loan Ratings	50.50	ACUITE B+ Reaffirmed & Withdrawn	
Total	0.00	-	-

Rating Rationale

Acuité has reaffirmed and withdrawn the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and the short term rating of '**ACUITE A4**' (read as **ACUITE A Four**) on the Rs. 52.00 crore bank facilities of Sanskar Agro Processors Private Limited (SAPL). 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 The rating is being withdrawn on account of request received from the company and NOC received from the banker.

About the Company

SAPL, incorporated in 2003, a Wardha (Maharashtra) based company is engaged in ginning, pressing, spinning of cotton yarn and oil milling. The company was promoted by Mr. Pawan Ramgopal Singhania, Mr. Kailash Ramgopal Singhania and Mrs. Sadhana Pawan Singhania. The ginning and spinning units are located at Waigaon (Wardha). The company gins and presses cotton into cotton bales, crushes seeds into seed oil and seed cakes, and makes cotton yarn, both combed and carded, for both knitting and weaving in single and double counts ranging from 20s to 60s.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the SAPPL to arrive at the rating.

Key Rating Drivers

Strengths

Long standing track record and promoter's extensive experience in the industry

SAPPL was incorporated in 2003, thus the company has a track record of around 15 years in this line of business. Mr. Pawan Singhania (Managing Director) has around three decades of experience in the textile industry. Recently, the promoter's sons, Mr. Ankit and Mr. Ayush joined the business. Experienced management has helped the company to maintain healthy and long standing relations with the customers and suppliers.

Moderate financial risk profile

Financial risk profile remained moderate with moderate capital structure and comfortable coverage indicators. The SAPPL's gearing stood at 1.64 times as on March 31, 2021 and 1.53 times as on March 31, 2020. The net worth stood moderate at Rs. 28.89 Cr. as on March 31, 2021 against Rs. 25.27 Cr. as on March 31, 2020. The total debt of Rs. 47.37 Cr. as on March 31, 2021 consists of Rs. 11.87 Cr. of term debt, Rs. 7.23 Cr. of unsecured debt from directors and

rest working capital bank limit. The interest coverage ratio stood comfortable at 2.93 times in FY2021 against 2.95 times in FY2020. TOL/ TNW stood at 1.82 times in FY2021 against 1.89 times in FY2020. Debt/EBITDA stood high at 4.39 times in FY2021 against 4.19 times in FY2020.

Weaknesses

Susceptible to fluctuations in cotton prices and government regulations

Raw cotton prices are highly volatile in nature and are largely depend on factors such as area under cultivation, crop yield, international demand-supply scenario, export quota decided by the government and inventory carry forward of the previous year. Cotton being the major raw material of spinning mills, volatility in the prices of cotton impacts the profitability of the company.

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity Position: Adequate

The company has generated net cash accruals on the range of Rs. 6 – 7 crore against repayment obligations in the range of Rs. 2-3 crore. The company has moderately intensive working capital operations with GCA of 133 days. SAPPL's bank limit utilization stood at 55 percent for period ended October 2021. Acuite believes SAPPL will maintain an adequate liquidity profile on account of adequate buffer between net cash accruals and repayment obligations and adequate unutilized bank limits.

Outlook: Not Applicable

About the Rated Entity - Key Financials

Key Financials

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	151.40	151.62
PAT	Rs. Cr.	3.62	1.85
PAT Margin	(%)	2.39	1.22
Total Debt/Tangible Net Worth	Times	1.64	1.53
PBDIT/Interest	Times	2.93	2.95

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

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

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Mar 2021	Term Loan	Long Term	19.30	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	1.50	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	23.50	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	7.70	ACUITE B+ (Downgraded and Issuer not co-operating*)
31 Dec 2019	Cash Credit	Long Term	23.50	ACUITE BB- (Issuer not co-operating*)
	Term Loan	Long Term	19.30	ACUITE BB- (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	7.70	ACUITE BB- (Issuer not co-operating*)
	Bank Guarantee	Short Term	1.50	ACUITE A4 (Issuer not co-operating*)
24 Oct 2018	Bank Guarantee	Short Term	1.50	ACUITE A4+ (Upgraded from ACUITE D)
	Proposed Bank Facility	Long Term	7.70	ACUITE BB Stable (Assigned)
	Term Loan	Long Term	19.30	ACUITE BB Stable (Upgraded from ACUITE D)
	Cash Credit	Long Term	23.50	ACUITE BB Stable (Upgraded from ACUITE D)
18 Sep 2018	Cash Credit	Long Term	23.50	ACUITE D (Downgraded from ACUITE BB Stable)
	Term Loan	Long Term	27.00	ACUITE D (Downgraded from ACUITE BB Stable)
	Bank Guarantee	Short Term	1.50	ACUITE D (Downgraded from ACUITE A4+)
09 Feb 2018	Cash Credit	Long Term	21.00	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Term Loan	Long Term	29.50	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)
	Bank Guarantee	Short Term	1.50	ACUITE A4+ (Reaffirmed)
20 Oct 2016	Cash Credit	Long Term	17.50	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	33.00	ACUITE BB- Stable (Assigned)
	Bank Guarantee	Short Term	1.50	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4 Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	23.50	ACUITE B+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	7.70	ACUITE B+ Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	19.30	ACUITE B+ Reaffirmed & Withdrawn

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About Acuité Ratings & Research

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