



Press Release
Star Global Multi Ventures Private Limited
November 11, 2024
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.00	ACUITE BB- Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to 'ACUITE BB-' (read as ACUITE double B minus) from 'ACUITE B' (read as ACUITE B) on the Rs.100.00 crore bank facilities of Star Global Multi Ventures Private Limited. The outlook is "Stable".

Rationale for upgrade

The rating upgrade is primarily driven by the extensive experience of management & established track record and diversified product portfolio & geographical reach. The revenue from operations of the company stood at Rs.441.48 crore in FY23 as compared to Rs. 387.81 crore in FY22. Further, the firm has achieved revenues of Rs.605.81 crore in FY24 (Provisional). The revenues of the company improved on account of regular order inflows over the year. The above average financial risk profile of the company was marked by improving net worth, low gearing levels, and healthy debt protection metrics. However, the rating is constrained by agro climatic risk and fluctuation in raw material prices and intense competition in the industry along with working capital-intensive nature of operations.

About the Company

Star Global Multi Ventures Private Limited (SGMVPL) a Delhi based company incorporated in 2012 is engaged in the milling and trading of basmati and non-basmati rice. The company procures raw material from local market and after processing exports the rice to countries like Iraq, UAE, Turkey, Singapore, etc. The directors, Mr. Pradeep Shukla and Mr. Anurag Goel, have a long experience of more than two decades in the rice industry.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Extensive experience of management & Established track record

The company has a track record of around 8 years having commenced its operations in 2012. The promoters have extensive experience and an established track record in the rice business. The company is into processing, exporting and trading of premium quality Indian Basmati & Non-Basmati Rice like 1121, 1509, Type 3, Pusa Rice, Sona Masoor Rice, Broken Rice, PR11/14 etc. It is one of the leading private label exporters from India and packs for some of the world's best known rice brands like, Khazana (USA), Mehbooba (Germany), Bello (Italy), Mahmood (UAE), Midson (Germany) etc. This has helped the company establish healthy relationships with a stable customer base leading to repeat orders. The company sells its rice in to Iraq, Germany, USA, UK, Italy, Canada, Egypt, Netherland, Saudi Arabia, Mauritius, Turkey & India. The company also enjoys long term relationships with

suppliers and hence can ensure stable supply of raw materials, which has helped the company maintain healthy capacity utilisation levels. Further they are assisted by a team of experienced professionals.

Steady scale of operations

The revenue from operations of the company stood at Rs. 441.48 crore in FY23 as compared to Rs. 387.81 crore in FY22. Further, the company has achieved revenues of Rs. 605.81 crore in FY24 (provisional). The revenues of the company remained improved on account of regular order inflows over the year. Further, the company has

achieved revenues of ~Rs. 350.00 Cr. till Sept 2024.

The operating margin of the company decreased to 2.04 percent in FY24 (provisional) from 2.93 percent in FY2023. The decrease in operating margin is because the price of raw materials had increased, which could not be fully passed on to the customers. The PAT margin also increased to 1.46% in FY24 (provisional) from 0.94% in FY23 on account of other income. The ROCE levels stood at 13.45% in FY24 (provisional) as against 8.11% in FY23. Going forward, the company expects that the margins will remain at similar levels over the medium term.

Moderate Working Capital operations

The working capital operations of the company is moderate marked by improving Gross Current Asset (GCA) days of 93 days in FY2024 (Provisional) as compared to 137 days in FY23. This is due to the extended credit period provided to the buyer of the products. The debtor days stood at 22 days in FY 24(Provisional) as compared to 53 days in FY23. The inventory period stood at 40 days in FY2024 (Provisional) as compared to 62 days in FY23. The creditor days stood at 33 days in FY24 (Provisional) as compared to 14 days in FY23. Acuité believes that the working capital cycle of company will continue to remain moderate due to the prolonged collection mechanism.

Weaknesses

Agro Climatic Risk and fluctuation in raw material prices

Being an agricultural product, the crop production is exposed to the vagaries of monsoon and availability of labour while the prices remain volatile due to fluctuating demand, regulatory control by the government in terms of deciding the MSP and various other market dynamics. Further the performance of the company is linked to the rice industry, with cyclical changes in demand and price volatility.

Intense competition in the industry

The rice industry is highly fragmented with the presence of both organized and unorganized players providing similar products. The pricing power of the millers are limited because of low value addition of the product. Hence, the company faces competition from regional players leading to intense competition and pricing pressures, which in turn affect the profitability margins of the company.

Rating Sensitivities

- Movement in revenue and profitability
- Working capital cycle
- Debt funded capex plan

Liquidity Position

Adequate

The company has adequate liquidity marked by steady net cash accruals, moderate current Ratio. The company has generated cash accruals of Rs. 9.32 crore for FY2024 (Provisional) Nil debt obligations last year. Current Ratio stood at 1.67 times as on 31 March 2024 (Provisional) as against 1.49 times in the previous year. Cash and Bank Balances of company stood at Rs 0.46 crore. As per the banker, the limit is utilised on an average at about 90%. Acuite believes that the liquidity position of the company will remain adequate on account of steady accruals, moderate current ratio, efficient working capital management albeit a higher dependence on bank borrowings.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	605.81	441.48
PAT	Rs. Cr.	8.82	4.17
PAT Margin	(%)	1.46	0.94
Total Debt/Tangible Net Worth	Times	0.60	0.65
PBDIT/Interest	Times	6.53	4.43

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <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

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 May 2024	Warehouse Receipt Financing	Long Term	37.50	ACUITE B (Downgraded & Issuer not co-operating* from ACUITE B+)
	Proposed Long Term Bank Facility	Long Term	62.50	ACUITE B (Downgraded & Issuer not co-operating* from ACUITE B+)
22 Feb 2023	Warehouse Receipt Financing	Long Term	37.50	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	62.50	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
26 Nov 2021	Proposed Long Term Bank Facility	Long Term	62.50	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Warehouse Receipt Financing	Long Term	37.50	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BB- Stable Upgraded (from ACUITE B)
HDFC Bank Ltd	Not avl. / Not appl.	Warehouse Receipt Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE BB- Stable Upgraded (from ACUITE B)
Axis Bank	Not avl. / Not appl.	Warehouse Receipt Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB- Stable Upgraded (from ACUITE B)
Indusind Bank Ltd	Not avl. / Not appl.	Warehouse Receipt Financing	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BB- Stable Upgraded (from ACUITE B)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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