Press Release
KISANKRAFT LIMITED
June 25, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	87.27	ACUITE BBB+ | Stable | Upgraded	-
Total Outstanding Quantum (Rs. Cr)	87.27	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded its long-term rating to **'ACUITE BBB+' (read as ACUITE Triple B plus**f)rom **'ACUITE BBB' (read as ACUITE Triple B)**on Rs. 87.27 Cr. bank facilities of Kisankraft Limited (KKL). The outlook remains '**Stable**'.

Rationale for upgrade

The rating upgrade takes into account the improving operating performance of the company over the past two years supported by increasing revenues driven by growth in agricultural demand and improving profitability margins owing to reducing input costs. Further, the rating considers the healthy financial risk profile with minimal external borrowings and adequate liquidity position. The rating also draws comfort from the long track record of operations and experienced management of the company. However, the rating is constrained on account of the working capital-intensive nature of operations, forex hedging risks, susceptibility of operations to cyclicality in domestic agriculture business and raw material price fluctuations.

About the Company

Incorporated in 2005, Kisankraft Limited (erstwhile Kisankraft Private Limited) is a Bangalore based company primarily engaged in trading of imported agricultural equipments. The company also manufactures some of the agricultural equipments, constituting ~10-20 percent of the total revenue. The equipments include machinery for land preparation, plantation, crop management, harvesting and post harvesting activities. The company is also engaged in trading of power tools under the brand name 'Aryantra'. The company is promoted and managed by Mr. Ravindra K Agrawal and Mrs. Sarika Agrawal.

Unsupported Rating
Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Established track record in the farm equipment sector
Incorporated in 2005, KKL has an established track record of more than a decade supported by experienced

management team. The product portfolio of the company includes more than 300 different models to serve the farmers' needs in 14+ product segments like soil preparation, plantation, crop management, irrigation and harvesting, etc. Further, the wide product portfolio is aided by a well-entrenched pan India dealer network, encompassing ~2800 dealers and 15 regional offices across the country. The company also participates in state

government subsidy schemes which accounts for ~10% of the revenues.
Therefore, the company's long-standing presence, diversified product profile and deep penetration into the markets across the geographies has strengthened the business profile of the company.

Improving operating performance
The company recorded an operating revenue of Rs. 261.55 Cr. in FY2025 (Prov.), registering ~19 percent growth from Rs. 218.91 Cr. in FY2024 on account of improved agricultural demand. The EBITDA margins also improved to 11.45 percent in FY2025 (Prov.) as against 10.90 percent in FY2024 owing to reduced input costs and efficiency of operations. Further, the company imports majority of its traded goods from China and Vietnam to maintain the quality and affordability.
Going forward, Acuite expects the continued demand of efficient, innovative and affordable agricultural equipment to drive the growth in operating performance of the company.

Healthy Financial Risk Profile
The financial risk profile of is healthy, supported by healthy networth, low gearing and comfortable debt protection indicators. The networth improved to Rs. 121.78 Cr. on March 31, 2025 (Prov.) as against Rs. 105.77 Cr. on March 31, 2024. Post the scheduled long term debt repayment in FY24, the company's debt profile includes working capital borrowings only, hence, the gearing has improved from 0.19 times in FY2024 to 0.04 times in FY2025 (Prov.). The TOL/TNW levels also stood comfortable at 0.53 times on March 31, 2025 (Prov.) (0.63 times on March 31, 2024). Further, the coverage indicators of the company stood adequate, with interest coverage ratio at 11.24 times (7.77 times in FY2024) and debt service coverage ratio at 9.34 times (1.58 times in FY2024) in FY2025 (Prov.)
The financial risk profile of the company is expected to remain healthy, in the absence of any debt funded capex plans.

Weaknesses

Intensive working capital operations
The operations of the company are working capital intensive as evident from the high gross current assets (GCA) days of 173 days as on March 31, 2025 (Prov.) (177 days on March 31, 2024). These are mainly driven by high inventory holding of 136 days in FY2025 (138 days in FY2024) as trading nature requires to maintain adequate stock. Majority of the sales through dealers is on advance basis, except for government subsidy sales which keeps the debtors' days moderate in the range of ~30 days. Moreover, for sale to government departments, the company takes security deposits from the dealers and holds commissions payments which is released on receipt of the entire proceeds.

Susceptibility to cyclicality in agricultural demand and raw material fluctuations
The agricultural machinery business is highly sensitive to cyclical factors like monsoon quality, crop prices, and government subsidies. In years of poor harvests or weak farmer incomes, demand for machinery sharply declines impacting the revenue and profitability. Further, the prices of major raw materials like steel and plastic are also vulnerable to various domestic and global phenomena's and inability of the company to completely pass on the uptrends in these affects the profitability, as affected in FY2023 when margins reduced to ~6.85 percent.

Forex exposure risk
The company imports almost all of its raw materials and finished goods and has no hedging policy in place. Therefore, any unforeseen fluctuations in forex can impact the profitability of the company. To mitigate this risk, the company has also started in-house manufacturing, however, the contribution from the same is only ~10-20 percent. As a result, it's still largely exposed to external risks like currency fluctuation and supply issues.

Rating Sensitivities

- Restriction in further elongation of working capital cycle
- Continued growth in scale of operations while maintaining profitability margins
- Maintenance of healthy financial risk profile.

Liquidity Position

Adequate

The liquidity position of KKL is adequate with generation of sufficient net cash accruals (NCA) of Rs. 23.71 Cr. in FY2025 (Prov.) against no repayment obligations in absence of any long term debt. Going forward, the company is expected to generate NCAs in the range of Rs. 25-28 Cr. in FY2026 and FY2027. The current ratio stood healthy at 1.86 times on March 31, 2025 (Prov.). The company also had an unencumbered cash and bank balance of Rs. 0.20 Cr. on March 31, 2025 (Prov.). Further, the average working capital utilization of the company stood moderate at 49.89 percent for the last six months ended May 2025, which provides additional liquidity cushion.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	261.55	218.91
PAT	Rs. Cr.	15.99	9.95
PAT Margin	(%)	6.12	4.54
Total Debt/Tangible Net Worth	Times	0.04	0.19
PBDIT/Interest	Times	11.24	7.77

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
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Trading Entities: https://www.acuite.in/view-rating-criteria-61.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. Acuite'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
27 Mar 2024	Cash Credit	Long Term	20.00	ACUITE BBB | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	20.27	ACUITE BBB | Stable (Reaffirmed)
	Cash Credit	Long Term	18.50	ACUITE BBB | Stable (Reaffirmed)
	Secured Overdraft	Long Term	25.00	ACUITE BBB | Stable (Reaffirmed)
	Secured Overdraft	Long Term	3.50	ACUITE BBB | Stable (Reaffirmed)
28 Dec 2022	Secured Overdraft	Long Term	3.50	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Term Loan	Long Term	3.92	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Cash Credit	Long Term	25.00	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Cash Credit	Long Term	18.50	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Proposed Long Term Bank Facility	Long Term	15.05	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Term Loan	Long Term	5.47	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Term Loan	Long Term	6.98	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)
	Covid Emergency Line.	Long Term	8.85	ACUITE BBB | Stable (Downgraded from ACUITE BBB+ | Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.50	Simple	ACUITE BBB+ | Stable | Upgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB+ | Stable | Upgraded (from ACUITE BBB)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.27	Simple	ACUITE BBB+ | Stable | Upgraded (from ACUITE BBB)
HSBC	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB+ | Stable | Upgraded (from ACUITE BBB)
Axis Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BBB+ | Stable | Upgraded (from ACUITE BBB)

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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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