

Press Release

Stagot Potatoes Product LLP

June 15, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.99 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 9.99 crore bank facilities of Stagot Potatoes Product LLP. The outlook is '**Stable**'.

Stagot Potatoes Product LLP established in 2015 is a partnership firm promoted by Mr. Bharat Chelabhai Gothi, Mr. Prakash Davabhai Patel and Mr. Harshad Shivram Patel. The firm is engaged in the manufacturing of Potato Starch which has applications in different industries such as Food, Pharma, Adhesives, Textiles, Paper, among others. The manufacturing unit has installed capacity of 7200 metric tonnes.

Key Rating Drivers

Strengths

- **Proximity to raw materials**

The firm has its manufacturing unit in Banaskantha District in North Gujarat, one of the major potato producing areas in India. Hence, the firm benefits from proximity to raw materials.

Weaknesses

- **Nascent stage of operations**

Stagot Potatoes Product LLP has limited track record of operations as the operations started in August, 2017.

- **Volatility in raw material prices**

The purchase and selling prices depend on the prevailing demand-supply situation restricting bargaining power with suppliers and customers. Any adverse movement of Potato prices further impacts profitability.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Stagot Potatoes Product LLP to arrive at the rating.

Outlook: Stable

Acuite believes that Stagot Potatoes Product LLP will maintain a 'Stable' outlook over the medium term owing to its experienced management and increased demand of product. The outlook may be revised to 'Positive' in case the firm registers significant growth in revenue while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of steep decline in profitability or deterioration in the capital structure and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.60	0.00	0.00
EBITDA	Rs. Cr.	-0.01	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	-0.85	0.00	0.00
PAT Margin	(%)	-0.57	0.00	0.00
ROCE	(%)	-0.05	0.00	0.00
Total Debt/Tangible Net Worth	Times	1717.77	206.40	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	-3357.42	0.00	0.00
Gross Current Assets (Days)	Days	3095	0	0

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	7.55	ACUITE B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.44	ACUITE B / Stable

Contacts

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About Acuité Ratings & Research:

Acuité 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.

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