

## Press Release

### Shakti Agrotech Private Limited

July 24, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 6.50 Cr.
<b>Long Term Rating</b>	ACUITE B+ / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 6.50 crore bank facilities of Shakti Agrotech Private Limited. The outlook is '**Stable**'.

Shakti Agrotech Private Limited (SAPL) was incorporated in 1996 and is promoted by Mr. Praveen Goyal and Mr. Puneet Goyal. The company is engaged in processing and marketing of seeds of crops like cotton, guar paddy, bajra, mustard to name a few. The processing facility is located in Sri Ganganagar, Rajasthan

### Key Rating Drivers

#### Strengths

- **Experienced management**

The director of the company Mr. Praveen Goyal possesses more than two decades of experience in the agro processing industry. The long experience has enabled them to develop comfortable relationships with their key suppliers and customers. Acuite believes the company will benefit from its experienced management.

#### Weaknesses

- **Moderate scale of operations**

Despite operations commencing from 1996, the scale of operations have been moderate with operating income at Rs.24.98 crore in FY2018 (Provisional) as against Rs.18.24 crore in FY2017.

- **Competitive and fragmented nature of industry**

Agriculture processing industry is a highly competitive industry due to the presence of multiple players which results in intense competition from both organized as well as unorganized players in the industry.

- **Exposure to agro climatic risk**

The company operates in the processing of the agricultural commodities. The availability and prices of the agricultural commodities is highly dependent on the agro climatic conditions. Hence, the operations and profitability of SAPL is exposed to agro climatic risk.

### **Analytical Approach**

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

### **Outlook: Stable**

Acuite believes that the outlook on Shakti Agrotech Private Limited will remain stable over the medium term backed by the experience of its management. The outlook may be revised to 'Positive' in case of sustained improvement in the company's operating income. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the scale of operations.

### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	17.65	17.25	14.27
EBITDA	Rs. Cr.	1.22	0.91	0.75
PAT	Rs. Cr.	0.24	0.21	0.26
EBITDA Margin	(%)	6.91	5.30	5.23
PAT Margin	(%)	1.37	1.19	1.82
ROCE	(%)	11.24	11.21	16.81
Total Debt/Tangible Net Worth	Times	2.84	2.23	2.12
PBDIT/Interest	Times	1.68	1.63	2.49
Total Debt/PBDIT	Times	5.90	5.38	6.71
Gross Current Assets (Days)	Days	162	179	169

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

Not Available

### Any other information

Not Available

### 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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.83	ACUITE B+ / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.67	ACUITE B+ / Stable

## Contacts

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### About Acuité Ratings & Research:

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