

Press Release

Manish Agrotech Limited

D-U-N-S® Number: 91-654-3789

January 07, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 11.00 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) to the Rs. 11.00 crore bank facilities of Manish Agrotech Limited (MAL). The outlook is '**Stable**'.

MAL was incorporated in 1996 by the Chothwani family. The commercial production of the company started in 2008. MAL, located in the Dhar District of Madhya Pradesh, is engaged in the manufacturing and trading of soya oil and soya de-oiled cakes with an installed capacity to manufacture 500 MT of soya oil per day. The company has also set up an edible oil refinery with an installed capacity of 100 MT to refine the crude oil extracted in the process.

Analytical Approach

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

Key Rating Drivers

Strengths

• Long track record of operations with an experienced management

MAL started its operations in 2008. The promoters have been engaged in the edible oil industry for almost 4 decades through their sister concern- Prakash Oils Limited. The company registered revenue of ~Rs.286.01 crore for FY2018. Further, revenue booked for the period of April to November, 2018 was Rs.153.60 crore. Acuite believes that MAL will be able to maintain good relations with its customers and suppliers backed by long track record and promoters' extensive experience.

• Healthy working capital cycle

MAL has a healthy working capital cycle marked by Gross Current Assets (GCA) of 68 days as on March 31, 2018 against 86 days as on March 31, 2017. The collection period from debtors stood at 19 days as on March 31, 2018 against 53 days for the previous year. The inventory cycle also stood low at 29 days as on March 31, 2018 against 22 days as on March 31, 2017. The average cash credit utilisation stood at ~95 percent for the last six months ending November, 2018. Acuite believes that the company will be able to maintain a healthy working capital cycle in the near to medium term.

Weaknesses

• Intense competition along with a highly fragmented market

MAL is in the edible oil business which is manufactured by a lot of organised and unorganised players locally and also imported at cheap prices from outside. Thus, MAL faces intense competition from such players in the market which affect the pricing power and hence, puts an impact on the margins.

• Susceptibility to fluctuations in raw material price

MAL is engaged in the extracting and refining of edible oil. The prices of crude edible oil are volatile in nature; hence, the profitability is highly susceptible to the ability of the company to pass on the same to its customers.

Outlook: Stable

Acuite believes that the outlook on MAL's rated facilities will remain 'Stable' over the medium term on account of its established track record of operations and long standing relations with their suppliers and customers. The outlook may be revised to 'Positive' in case of growth in the revenue while maintaining the profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in the revenue while maintaining the profitability.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	286.01	260.59	192.33
EBITDA	Rs. Cr.	5.56	3.36	3.59
PAT	Rs. Cr.	1.22	0.51	0.04
EBITDA Margin	(%)	1.94	1.29	1.87
PAT Margin	(%)	0.43	0.19	0.02
ROCE	(%)	13.47	8.68	16.24
Total Debt/Tangible Net Worth	Times	0.80	1.02	0.97
PBDIT/Interest	Times	1.76	1.60	1.62
Total Debt/PBDIT	Times	2.78	4.63	4.60
Gross Current Assets (Days)	Days	68	86	114

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

ICRA, vide its press release dated August 31, 2018 had denoted the rating of Manish Agrotech Limited as 'ICRA BB/Stable/CARE A4; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings.

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.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	10.00	ACUITE BB- / Stable
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE BB- / Stable

Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuите.in</p> <p>Jyotsna Nebhnani Analyst - Rating Operations Tel: 022 49294074 jyotsna.nebhnani@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuите.in</p>

About Acuite Ratings & Research:

Acuite 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.

Disclaimer: An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuite.