



Press Release
Agribiotech Industries Limited
October 03, 2023
Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	9.00	ACUITE B Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	9.00	-	-

Rating Rationale

Acuite has reaffirmed & withdrawn its long term rating of '**ACUITE B**' (read as **ACUITE B**)' on the Rs 9.00 crore long term bank facilities of Agribiotech Industries Limited (AIL). The rating is being withdrawn on account of the request received from the firm and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

Rationale for the Reaffirmation

The rating is reaffirmed considering the experienced management and average financial risk profile of AIL. However, the rating is constrained by the working capital intensive nature of operations and a highly competitive and fragmented industry.

About the Company

AIL, a Jaipur based company was incorporated in 2004 is currently managed by Mr. Ashutosh Bajoria, Mr. Sourabh Sharma, Mr. Umesh Joshi, Mr. Shailesh Goyal, and Ms. Puja Bajoria. It is engaged in manufacturing and processing of Extra Neutral Alcohol / Rectified Spirits of around 74 KLPD capacity and also bottling of country liquor under several local brand names. The company procures its key raw materials, i.e. broken food grain from brokers locally.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of AIL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management

The company was incorporated in 2004, is currently managed by Mr. Ashutosh Bajoria, Mr. Sourabh Sharma, Mr. Umesh Joshi, Mr. Shailesh Goyal and Ms. Puja Bajoria. The current management has extensive experience of more than a decade in this line of business by virtue of the long track record of operations of AIL. Acuite believes that the company will continue to benefit from its experienced management.

Average financial risk profile

The financial risk profile of the firm remained average marked by average net worth, gearing ratio & debt protection metrics. The net worth stood at Rs 25.01 Cr as on 31 March 2023 as

against Rs 35.37 Cr same period last year. The gearing level of the company remained at 1.00 times as on 31 March 2023 as against 0.61 times same period last year. Also, the Total

Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood at 4.54 times as on 31 March 2023 compared against 2.21 times as on 31 March 2022. The debt protection matrices of the company is improving marked by Interest Coverage Ratio (ICR) of 4.03 times for FY23 as against 3.21 times for FY2022. Acuité believes that the financial risk profile of the company will remain average over the medium term.

Weaknesses

Working capital intensive nature of operations

The operations of the firm remained working capital intensive in nature marked by GCA Days of 127 days for FY23 as compared against 81 days for FY22. Furthermore, the receivables days stood 45 days in FY23 & 25 days in FY22. The inventory days of the firm stood at 47 days for FY23 as against 33 days for FY22. The creditor days stood at 113 days for FY23 compared against 170 days for FY22.

Customer concentration risk

The company faces high customer concentration risk mainly due to the state government policies imposed. Its major customer is Rajasthan State Ganganager Sugar Mills Ltd. which accounted for 40-81 percent of its sales over the last two years ended FY2023. The high customer concentration renders the revenue growth and profitability susceptible to the growth plans, procurement and credit policies of its key customers.

Rating Sensitivities

Sustaining existing scale of operations while maintaining profitability elongation of the working capital cycle.

All Covenants

None

Liquidity Position

Adequate

The liquidity position of the firm remains adequate marked by average net cash accruals of Rs 8.38 Cr in FY23 against Rs. 1.77 Cr of maturing debt obligations for the same period. The current ratio of the firm remains at 0.98 times as on 31 March 2023. The firm has unencumbered cash and bank balances of Rs 0.10 Cr as on 31 March 2023.

Outlook: Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	256.83	314.97
PAT	Rs. Cr.	4.31	3.33
PAT Margin	(%)	1.68	1.06
Total Debt/Tangible Net Worth	Times	1.00	0.61
PBDIT/Interest	Times	4.03	3.21

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

None

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, Acuite 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
17 Mar 2023	Cash Credit	Long Term	9.00	ACUITE B (Issuer not co-operating*)
23 Dec 2021	Cash Credit	Long Term	9.00	ACUITE B (Issuer not co-operating*)
29 Sep 2020	Cash Credit	Long Term	9.00	ACUITE B (Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	9.00	ACUITE B Reaffirmed & Withdrawn

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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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