



**Press Release**  
**SHREE FATS AND PROTEINS PRIVATE LIMITED**  
**August 22, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	49.00	ACUITE BB   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	49.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating at **"ACUITE BB" (read as ACUITE double B)** on the Rs.49.00 Cr. bank facilities of Shree Fats and Proteins Private Limited (SFPPL). The outlook is **'Stable'**.

**Rationale for rating reaffirmation**

The recommendation factors in the experienced management and the established track record of operations in the same line of business. Further, the company reported operating revenue of Rs.417.43 Cr. in FY2024 (Prov.) with improvement in the profitability margins wherein the EBITDA and PAT margin stood at 2.12% and 0.27% respectively in FY2024 (Prov.) as against 1.77% and 0.22% in FY2023. In addition, the working capital operations of the company are moderate where in average fund based utilization stood at 78.18% in last twelve months ended February 2024. However, the aforesaid factors are partly offset by the average financial risk profile exhibited by gearing which stood at 2.03 times as on 31st March 2024 (Prov.) and coverage indicators reflected by interest coverage ratio and debt service coverage ratio, which stood at 1.72 times and 0.77 times respectively as on 31st March 2024 (Prov.). In addition, the liquidity profile of the company will remain a key rating sensitivity marked by insufficient net cash accruals generated against its debt repayment obligations. Acuite notes that the demand and supply demographics due to highly competitive and fragmented industry will remain a key sensitive factor.

**About the Company**

Shree Fats and Proteins Private Limited (SFPPL), incorporated in 1991. The company is engaged in manufacturing and exports of edible oil, pulses, cereals, rapeseed oil. The present

directors of the company are Ms. Mona Goenka, Mr. Arvind Jain, Mr. Sanjay Goenka and Mr. Raj Kumar Agarwal. The registered office of the company is in Jaipur.

### **About the Group**

The group comprises of two companies – Shree Fats and Proteins Private Limited and Perfect Agrofood Private Limited. Shree Fats Group is engaged in the manufacturing of edible oils, pulses, cereals. The promoters of the group are Mr. Kanhaiya Lal Modi, Mrs. Mona Goenka, Mr. Sanjay Goenka, Mr. Raj Kumar Agarwal and Mr. Arvind Jain.

### **Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Shree Fats and Proteins Private Limited.

### **Key Rating Drivers**

## Strengths

### Experienced management

The established track record of operations and experience of the management of around two decades in the industry has helped the company to develop healthy relationships with its customers and suppliers. The company has forged healthy relationships with their reputed customers like BL Agro Industries Limited, Adani Wilmar Limited etc. Acuité believes that the company will continue to benefit from the promoter's established presence in the industry and experienced management over the medium term.

### Moderate Working Capital operations

The working capital operations of the company is moderate marked by GCA days which stood at 66 days as on 31st March 2024 (Prov.) as compared to 52 days as on 31st March 2023. The debtor days of the company is moderate and stood at 19 days as on 31st March 2024 (Prov.) against 11 days as on 31st March 2023. Further, the inventory holding stood at 39 days as on 31st March 2024 (Prov.) against 34 days as on 31st March 2023 and the creditor days stood at 15 days as on 31st March 2024 (Prov.) against 10 days as on 31st March 2023. These fluctuations are due increase in short term debt of the company which further reflected impact on the working capital cycle of the company. In addition, the average fund based bank limit utilization of the company stood at 78.18% approximately in last twelve months ended February 2024. Acuité believes that the working capital operations of the company will remain at similar levels in near to medium term.

## Weaknesses

### Average Financial Risk Profile

The financial risk profile of the company is average marked by net-worth of Rs.23.47 Crore as on 31st March 2024 (Prov.) against Rs.22.32 Crore as on 31st March 2023. The slight increase in the net-worth is on an account of small accretion of profits into reserves. Further, the total debt of the company stood at Rs.47.64 Crore as on 31st March 2024 (Prov.) against Rs.45.13 Crore as on 31st March 2023. The capital structure of the company is moderate marked by gearing ratio of the company which stood at 2.03 times as on 31st March 2024 (Prov.) against 2.02 times as on 31st March 2023. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio, which stood at 1.72 times and 0.77 times respectively as on 31st March 2024 (Prov.) as against 1.90 times and 0.92 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 2.80 times as on 31st March 2024 (Prov.) against 2.74 times as on 31st March 2023 and DEBT-EBITDA of the company stood at 5.35 times as on 31st March 2024 (Prov.) against 5.16 times as on 31st March 2023. Acuité believes that going forward the ability of the company to manage its financial risk profile will remain a key rating sensitivity.

### Rating Sensitivities

- Growth in revenue and profitability margins.
- Deterioration of its financial risk profile and liquidity position.
- Elongation of the working capital cycle.

### Liquidity Position

#### Stretched

The liquidity profile of the company is stretched marked by net cash accruals of Rs.2.55 Cr. as on 31<sup>st</sup> March 2024 (Prov.) against the debt repayment obligation of Rs.4.91 Cr. over the same period. The shortfall in repayment had been met by the short term working capital. Going forward, the company is expected to generate net cash accruals under the range of Rs.3.00 Cr. to Rs.4.00 Cr. against the debt repayment obligations of up to Rs.3.6 Cr. over the same period. The current ratio of the company stood at 1.24 times as on 31st March 2024(Prov.) against 1.29 times as on 31st March 2023. Further, the cash and bank balance available with the company stood at Rs.0.03 Cr. as on 31st March 2024 (Prov.). Acuité believes that going forward the company is expected to remain in line with the previous year hence the ability of the company to manage its liquidity position will remain a key rating sensitivity.

**Outlook: Stable**

Acuité believes that the company will maintain a 'Stable' outlook over the medium term owing to its experienced management and long track record of operations. The outlook may be revised to 'Positive' if the company demonstrates substantial and sustained growth in its revenues from the current levels while maintaining its margins. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than expected growth in revenues and profitability or deterioration in its working capital management leading to deterioration in its financial risk profile and liquidity.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	417.43	483.70
PAT	Rs. Cr.	1.15	1.08
PAT Margin	(%)	0.27	0.22
Total Debt/Tangible Net Worth	Times	2.03	2.02
PBDIT/Interest	Times	1.72	1.90

### 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>
- 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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 May 2023	Cash Credit	Long Term	47.00	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	1.09	ACUITE BB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.91	ACUITE BB   Stable (Reaffirmed)
11 Mar 2022	Cash Credit	Long Term	47.00	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	1.61	ACUITE BB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.39	ACUITE BB   Stable (Reaffirmed)

## 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 avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	47.00	ACUITE BB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.14	ACUITE BB   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	10 Jul 2020	Not avl. / Not appl.	31 Oct 2027	Simple	0.86	ACUITE BB   Stable   Reaffirmed

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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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