



Press Release
WHITE GOLD AGRO PRODUCTS
March 12, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.95	ACUITE B+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	25.95	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of 'ACUITE B+' (read as ACUITE B pluso)n the Rs.25.95 Cr. bank facilities of White Gold Agro Products (WGAP). The outlook is 'Stable'.

Rationale for rating

The rating factors in the small scale of operations which is due to the nascent stage of the business as the operations of the firm were started in December 2022. Further rating also remains constrained by WGAP's cyclicity associated with sugar business; risks get amplified by dependence on monsoon, working capital intensive operations. These weaknesses are partly offset by expected improvement in the scale of operations over the medium term coupled with improved financial risk profile of the firm.

About the Company

Established in 2019, White Gold Agro Products (WGAP), is involved in the manufacturing of sugar, molasses and their by-products. Its manufacturing plant is located at Hojai, Assam. The firm has a total installed capacity of 1,50,000 MTPA of cane crushing. The partners of the firm are Mr. Deepak Kayal, Mr. Manoj Kumar Kayal, Mr. Rohit Kumar Agarwalla and Vinita Agarwalla. The commercial production was started in December 2022.

Unsupported Rating

Not applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Modest scale of operations with expected improvement over the medium term

The revenue of the firm stood at Rs. 13.43 Cr. in FY24. Further, firm have achieved the revenue of Rs. 6.78 Cr. in 8MFY25. EBITDA margin of the firm stood at 50.89% in FY24 and PAT margin stood at 2.06% due to high depreciation and interest cost. Going forward, the scale of operations is expected to improve over the medium term with better utilisation of installed capacity and establishing healthy relationship with customers and suppliers.

Moderate Financial Risk Profile

The firm's financial risk profile is moderate by moderate net worth base, moderate gearing and moderate debt

protection metrics. The tangible net worth of the firm decreased to Rs.18.84 Cr. as on March 31, 2024 from Rs.22.67 Cr. as on March 31, 2023 due to withdrawal of capital by partners and adjustment made in net worth against Preliminary & Preoperative Expenses in FY24. Gearing of the firm stood at 1.35 times as on March 31, 2024 against 1.22 times as on March 31, 2023. However, debt protection metrics is marked by Interest coverage Ratio of 3.13 times and Debt Service Coverage Ratio at 1.47 times as on March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.35 times as on March 31, 2024 as against 1.23 times as on March 31, 2023. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.19 times as on March 31, 2024. Acuité believes that going forward the financial risk profile of the firm is likely to be sustained backed by steady accruals and no major debt funded capex plans.

Weaknesses

Intensive Working Capital Operations

The firm has a working capital intensive nature of operations marked by high GCA days of 372 days in FY24 against 1007 days in FY23 on account of high inventory days which stood at 363 days in FY24 against 60 days in FY23. The debtor period stood at 6 days in FY24 against 40 days in FY23. The firm generally procures the raw material, i.e, sugarcane on advance payment basis. Acuite believes that the operations of the firm will continue to remain working capital intensive over the medium term due to nature of operations.

Cyclicalities associated with sugar business; risks get amplified by dependence on monsoon

Cane production is highly dependent on the monsoons and realisations in alternative crops such as rice and wheat, which may prompt farmers to switch to sowing other crops. Also, the cane availability is restricted to the command area allocated to each entity. In India, alternative sweeteners to sugar are gur and khandsari. Lower sugarcane yields and an increase in the sale of sugarcane to gur and khandsari manufacturers may lead to decrease in sugar production. WGAP's profitability, mainly of its sugar segment, remains vulnerable to material changes based on the regulatory changes in the sugar/sugar syrup industry. Any change in the regulatory stance and continuation of government support to sugar sector are key monitorable.

Risk of capital withdrawal

WGAP constitution as a partnership firm is exposed to discrete risks, including the possibility of withdrawal of capital by the partners. The same has been witnessed in FY24 when capital withdrawal led to decline in net worth to Rs. 18.84 Cr. from Rs. 22.67 Cr. in FY23. Moreover, the partnership nature partially limits the flexibility to raise the funds vis-a-vis a limited company.

Acuite believes that any substantial withdrawal of capital by the partners is likely to have an adverse impact on the capital structure.

Rating Sensitivities

- Movement in the scale of operations and profitability margins.
- Movement in the working capital operations.

Liquidity Position

Adequate

The firm has adequate liquidity marked by net cash accruals to its maturing debt obligations, current ratio. The firm generated the net cash accruals of Rs.4.70 Cr. for FY24 as against the debt repayment obligations of Rs. 2.50 Cr. for the same period. The current ratio of the firm stood at 2.45 times as on 31 March 2024. The cash and bank balances of the firm stood at Rs. 0.26 crore. The average utilization of fund-based limits for the last 7 months ending Nov 2024 is 36.05% which is being reflected on the lower side due seasonal nature of business which is from November to April, wherein the utilization of the firm is comparatively high during that period. Acuite believes that going forward the firm is likely to maintain adequate liquidity position over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	13.43	4.09
PAT	Rs. Cr.	0.28	(4.27)
PAT Margin	(%)	2.06	(104.20)
Total Debt/Tangible Net Worth	Times	1.35	1.22
PBDIT/Interest	Times	3.13	(1.67)

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

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuité 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
22 Jan 2024	Term Loan	Long Term	22.95	ACUITE B+ Stable (Assigned)
	Cash Credit	Long Term	3.00	ACUITE B+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE B+ 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.	2.95	Simple	ACUITE B+ Stable Reaffirmed
North Eastern Development Finance Corporation Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2028	20.00	Simple	ACUITE B+ Stable Reaffirmed

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About Acuité Ratings & Research

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