



Press Release

Santhagarik Agro Private Limited

March 19, 2021

Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	5.82	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	Assigned
Total	5.82 (Five crores and eighty two lakhs only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to bank facilities of Santhagarik Agro Private Limited factors experienced directors and stable demand prospects for rice. However, rating is constrained on account of highly competitive industry with agro climatic risk, moderate scale of operations, and moderate debt protection metrics.

Key Rating Sensitivities:

Upward Factors

- Significant improvement in scale of operation with improvement in profitability.
- Improvement in capital structure

Downward Factors

- Deterioration in working capital cycle and liquidity profile of the company.
- Substantial decline in profitability impacting debt protection matrix and liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of directors in rice milling industry:**

The director of the company Mr. Brijendra Singh and Mr. Ambrish Singh have more than 10 years of experience in the rice industry which has helped the company to maintain strong relations with its customers as well as with its suppliers.



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- **Stable demand prospects for rice:**

The demand prospects for rice industry are expected to remain stable as rice is a staple food grain and India is the world's second largest producer and one of the top exporters in global rice trade.

Key Rating Weaknesses

- **Highly competitive Industry with agro climatic risk**

The Rice processing industry is highly competitive and fragmented industry because of several organised and unorganised players. For rice milling, paddy is the main raw material and it is a seasonal crop and production of the same is highly dependent on the monsoon. Thus, any adverse weather condition like inadequate monsoon may affect the availability of the paddy and that will impact the financial risk profile of the company.

- **Moderate scale of operations:**

The company has modest scale of operations as reflected in turnover of Rs. 41.72 Cr during FY 20, and CAGR of 8.50% from FY 18-20. Moreover, the firm has also recorded turnover of Rs. 31.11 Cr from April 1, 2020 to February 28, 2021.

- **Moderate debt protection metrics:**

The company has moderate debt protection metrics as reflected in long term debt equity ratio of 1.32 times, overall gearing ratio of 3.65 times, TOL/TNW of 8.75 times, interest coverage of 2.25 times, long term debt/GCA of 4.70 times, and DSCR of 1.57 times.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non- Financial Sector)

Liquidity – Adequate

The liquidity is considered to be adequate as reflected from its gross cash accruals of Rs. 0.57 crores in FY2020. The maximum monthly working capital utilisation stood at 69.22% for the past 12 months period till December 2020.



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About the Company

Sathagarik Agro Private Limited (SAPL) was established as a private limited company in November, 2003. The company is engaged in processing of paddy to rice (non-basmati). It has an installed capacity of processing 12 tons/hour.

Financials (Standalone):

For the year ended / As on	31-03-2018	31-03-2019	31-03-2020*
	Aud.	Aud.	Aud.
Total Operating Income	32.66	35.60	41.72
EBITDA	1.09	1.09	1.16
PAT	0.05	0.11	0.18
Total Debt	7.47	7.55	7.42
Adjusted Tangible Net worth	1.74	1.85	2.03
<u>Ratios</u>			
EBITDA Margin	3.34	3.08	2.77
PAT Margin	0.16	0.31	0.44
Overall Gearing ratio	4.30	4.08	3.65

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

CRISIL Ratings in their press release dated December 22, 2020 have classified Santhagarik Agro Private Limited as ISSUER NOT COOPERATING.

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term loan	Long term	0.82	IVR BB-/Stable	-	-	-
2	Cash credit	Long term	5.00	IVR BB-/Stable	-	-	-



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	-	-	March, 2023	0.82	IVR BB-/Stable
Cash credit	-	-	-	5.00	IVR BB-/Stable

