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Nokha Agro Tech Private Limited

November 26, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	147.00	IVR BBB+/Stable [IVR Triple B Plus with Stable Outlook]	IVR BBB/Stable [IVR Triple B with Stable Outlook]	Upgrade	Simple
Short Term Bank Facilities	3.00	IVR A2 (IVR A Two)	IVR A3+ (IVR A Three Plus)	Upgrade	Simple
Total	150.00	[Rupees One hundred and fifty crore only]			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded its rating assigned to the bank facilities for the long-term facilities to IVR BBB+ with stable outlook and short-term facilities to IVR A2 of Nokha Agro Tech Private Limited (NAPL).

The rating upgrade is on account significant improvement in scale of operations along with improved profitability. The ratings continue to draw comfort from experienced promoters with long track record in the industry coupled with diversified product portfolio. The company also drew support from comfortable credit risk profile. However, these rating strengths are partially offset by intense competition along with inherent industry risk along with tender based nature of operations.

The 'Stable' outlook reflects Infomerics Ratings expectation of sustained profitability and growing scale of operations. Infomerics believes NAPL will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone provisional financial results of NAPL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:



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Upward Factors

- Sustained improvement in revenue and profitability while maintaining the debt protection metrics, and improvement in liquidity profile of the company.
- Sustained improvement in the financial risk profile.

Downward Factors

- Any significant decline in revenue and/or profitability leading to deterioration in debt protection metrics.
- Any deterioration in capital structure of the company

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Widely experienced promoters with long track record in industry**

NAPL, a part of the Nokha Group promoted by the Jhanwar family, has been engaged in manufacturing and trading activities for various products since past 50 years. The company is managed by experienced directors, Mr. Rameshwar Lal Jhanwar and Mr. Inder Chand Jhanwar, who collectively possess over four decades of experience in service providing and trading of food grains and pulses.

- **Diversified Product Portfolio:**

The company has a multi-unit of commodity cleaning / sorting / grading / packaging for all grains, pulses, seeds, all kind of spices etc. and is also running an integrated cold storage facility for fruits, vegetables, spices, and other agro products, produced under PMKSY scheme of the Ministry of Food Processing.

- **Growing scale of operations with improvement in profitability**

The total operating income of the firm registered a CAGR of 31.09% during last three years ending March 31, 2024. During FY24, the company has achieved the operating income of Rs. 1419.32 Crore which improved by 31.72% from Rs. 1077.48 in FY23, on account of higher execution of orders received from the Govt. departments. EBITDA Margin increased by 13 bps and stood at 7.24% in FY24 as against 7.11% in FY23, due to higher margins earned on



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processed goods as well as proportionately improvement in operational efficiency. Subsequently, the PAT Margin increased by 33 bps and stood at 4.92% in FY24 as against 4.59% in FY23. Gross Cash Accruals (GCA) of the company stood at Rs. 72.62 Crore in FY24 as against Rs 52.76 Crore in FY23.

- **Comfortable credit risk profile**

The capital structure of the company stood comfortable marked by overall gearing stood at 0.27x as on 31st Mar'24 improved from 0.55x as on 31st Mar'23 on account of decline in debt along with improvement in TNW. The long-term debt equity ratio improved and stood at 0.01x as on 31st Mar'24 as against 0.08x as on 31st Mar'23, due to decrease in total debt. TOL/TNW ratio is comfortable at 1.39x as on 31st Mar'24 improved from 2.98x as on 31st Mar'23 on account of significant decline in creditors. Adjusted Overall Gearing Ratio after taking into account Corporate Guarantee given to Shree Ram Mega Food Park Private Limited and RRJ Infraprojects Developments Private Limited of Rs. 48.00 Crore and Rs. 8.00 crore respectively as on March 31, 2024, stood at 0.61x as on March 31, 2024. The company has strong debt protection matrices with interest service coverage ratio (ISCR) of 10.95x in FY24 improved from 9.53x in FY23, due to increase EBITDA. And debt service coverage ratio (DSCR) is comfortable at 7.18x in FY24 as against 3.42x in FY23.

B. Key Rating Weaknesses

- **Intense competition along with inherent industry risk**

The integrated cold storage industry and the agro trading and processing industry is highly fragmented and is marked by the presence of a large number of large players and small players in the market. This intensifies competition and limits the pricing flexibility of the industry participants resulting in low profitability. Further, the company is also exposed to risk associated with the fluctuation in production levels, uncertain weather conditions and limited shelf life of the products.

- **Tender based nature of operations**

Majority of the revenue has been generated through supplies to State Governments after getting successful in the tenders. However, non-renewal of these orders could lead to fluctuation in revenue and profitability of the company.



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company's liquidity is adequate marked by expectation of sufficient cushion in cash accruals against its debt repayments for the next 3 years. The company has current ratio of 1.67x as of March 31, 2024. The unencumbered cash and bank balance of company stood at Rs. 83.68 crores as on 31st March 2024. The average utilisation of fund-based limits stands at 48.90% for 12 months ending Sep'24 and the average utilization for non-fund-based limits stood at 69.06% for the 12 months ending September 2024. The operating cycle of the company stood at 30 days in FY24 improved from 37 days in FY23 on account of decline in inventory days.

About the Firm

Nokha Agrotech Private Limited was incorporated in 2011 and is a part of Jhanwar Group that is a family established service provider manufacturer and trading group of Nokha and Bikaner having involved in diversified manufacturing and trading activities and have been in operations since last 35 years. The venture encompasses a comprehensive array of operations, from integrated cold chain facilities to the production of refined oil, churi, and korma. Additionally, it manages cold storage units and warehouses, engages in the trading of grains, pulses and hardware and member of NCDEX facilitating online commodity trading. NAPL is an approved supplier of government towards supply of agro commodities through NAFED/NECOF, Kendriya Bhandar, NCCF & Civil supply.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1077.48	1419.32
EBITDA	76.64	102.82
PAT	49.56	70.02
Total Debt	65.20	45.54
Tangible Net Worth	126.79	197.81
EBITDA Margin (%)	7.11	7.24
PAT Margin (%)	4.59	4.92
Overall Gearing Ratio (x)	0.55	0.27
Interest Coverage (x)	9.53	10.95

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					May 09, 2024	-	March 29, 2023	Jan 25, 2022
1.	Fund Based Limits	Long Term	147.00	IVR BBB+/Stable	IVR BBB/Stable	-	IVR BBB/Stable	IVR BBB-/Stable
2.	Non-Fund Based	Short Term	3.00	IVR A2	IVR A3+	-	IVR A3+	IVR A3

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About Infomerics:



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Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Facility – Cash Credit	-	-	-	-	139.00	IVR BBB+/Stable
Long Term Facility – Term Loan	-	-	-	Nov, 2027	1.33	IVR BBB+/Stable



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Short Term Facility – Bank Guarantee	-	-	-	-	3.00	IVR A2
Long Term Facility – Proposed	-	-	-	-	6.67	IVR BBB+/Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Nokha-Agro-Tech-26nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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.