



Press Release

Nokha Agrotech Private Limited

May 09th, 2024

Rating: -

Sr. No.	Instrument/ Facility	Amount (INR Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	196.78 (Enhanced from Rs. 71.78 Crore)	IVR BBB (Stable) [IVR Triple B with Stable Outlook]	IVR BBB (Stable) [IVR Triple B with Stable Outlook]	Reaffirmed	Simple
2.	Short Term Bank Facilities	3.00 (Reduced from Rs. 128.00 Crore)	IVR A3+ (IVR A three plus)	IVR A3+ (IVR A three plus)	Reaffirmed	Simple
	Total	199.78	(Rupees one hundred ninety-nine and seventy-eight crore only)			

Details of facilities are in Annexure 1

Rating Rationale

Infomerics Ratings and Valuation Private Limited (IVR) has reaffirmed the long-term rating of IVR BBB with a Stable outlook and short-term ratings of IVR A3+ for the bank for the bank facilities of Nokha Agrotech Private Limited (NAPL).

The reaffirmation of the ratings continues to drive comfort from widely experienced promoters in the industry with diversified product profile. The ratings further derive comfort from growing scale of operations with moderate capital structure and debt coverage indicators. The ratings also continue to derive comfort established relationship with its key customers. However, the ratings remain constrained by intensely competitive industry tender based nature of operations and inherent risk in the industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that Nokha Agrotech Private Limited will continue to benefit from its operational track record in the business, its reputed clientele and continuous inflow of orders.



Press Release

IVR has principally relied on the standalone audited financial results of Nokha Agrotech Private Limited up to 31 March 2023 and projected financials for FY2024, FY2025 and FY2026, and publicly available information/ clarifications provided by the firm's management.

Key Rating Sensitivities:

Upward Rating Factor:

- Significant increase in scale of operations while maintaining stable profitability margins.
- Sustained improvement in capital structure and coverage indicators.

Downward Rating Factor:

- Deterioration in business risk profile impacting the debt protection metrics.
- Elongation in the operating cycle impacting liquidity.

Detailed Description of Key Rating Drivers

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 35 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



Press Release

The total operating income of the firm registered a healthy growth and achieved the operating income of Rs. 1495.30 Crore in FY24 (Prov.) and Rs. 1077.48 in FY23 driven by higher execution of orders received from the Govt. departments. EBITDA stood at Rs. 105.19 Crore in FY24 (Prov.) as against Rs. 76.64 Crore in FY23. EBITDA Margin decreased by 8 bps and stood at 7.03% in FY24 (Prov.), due to lower margins earned on Processed goods. PAT stood at Rs. 72.13 Crore in FY24 (Prov.) as against Rs. 49.56 Crore in FY23. PAT Margin increased by 22 bps and stood at 4.81% in FY24 (Prov.), in line with EBITDA margin. Gross Cash Accruals (GCA) of the company stood at Rs. 75.62 Crore in FY24 (Prov.).

Moderate capital structure and debt coverage indicators

Nokha Agrotech Private Limited has comfortable capital structure, with overall gearing stood at 0.23x as on 31st Mar'24 (Prov.) as against 0.51x as on 31st Mar'23, owing to net worth (TNW) of Rs 199.07 Crore in FY24 (Prov.) as compared to the total outstanding liabilities. The long-term debt equity ratio stood at 0.02x as on 31st Mar'24 (Prov.) as against 0.08x as on 31st Mar'23. TOL/TNW ratio is comfortable at 1.06x in FY24 as on 31st Mar'24 (Prov.) as against 2.79x as on 31st Mar'23. respectively. The company has strong debt protection matrices with interest service coverage ratio (ISCR) of 12.30x in FY24 (Prov.) as against 9.53x in FY23, due to increase EBITDA. And debt service coverage ratio (DSCR) is strongly comfortable at 7.95x in FY24 (Prov.) as against 3.43x in FY23.

Key Rating Weaknesses

Intense competition:

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.

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.



Press Release

Inherent Risk of the industry:

The company is engaged in providing processing and storage of agro based products thus, it is exposed to risk associated with the fluctuation in production levels, uncertain weather conditions and limited shelf life of the products.

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](#)

[Instrument/Facility wise Default Recognition & Post-Default Curing period](#)

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 1.31x as on March 31, 2023, and 1.82x as on March 31, 2024. The Unencumbered cash and bank balance of company stood at Rs. 0.31 Crores as on 31st March 2024. The average fund-based utilisation remained moderate at 38.32% and non-fund based stood moderate at 86.50% during the past 12 months ended March'24. NAPL's operating cycle days stood at 34 days in FY24(Prov.) with collection period of 46 days and creditors period of 56 days with an increase in scale of operations.

About the Company

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



Press Release

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.

Financials (Standalone): -

(In Rs. Crore)

For the year ended* As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	1032.78	1077.48
EBITDA	61.30	76.64
PAT	35.17	49.56
Total Debt	77.91	65.21
Tangible Net Worth	77.41	126.79
EBITDA Margin (%)	5.94	7.11
PAT Margin (%)	3.40	4.59
Overall Gearing Ratio (x)	1.01	0.51

*Classification as per Infomerics' standards

Details of non-co-operation with any other CRA: None

Any other information: Not Applicable

Rating History for last three years:

Name of the Facility/ Instrument	Current Rating (Year: 2024-25)			Rating History for the past 3 years			
	Type	Amount (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2023 – 24	Date(s) & Rating(s) assigned in 2022 - 23 (March 01, 2023)	Date(s) & Rating(s) assigned in 2021-22 (January 25 th , 2022)	Date(s) & Rating(s) assigned in 2020-21
Fund based long term facility	Long Term	196.78#	IVR BBB/ Stable Outlook	-	IVR BBB/ Stable Outlook	IVR BBB/ Stable Outlook	-



Press Release

Fund based short term facility	Short Term	-	-	-	IVR A3+	-	-
Non fund based short term facility	Short term	3.00	IVR A3+	-	IVR A3+	IVR A3	-

#Cash credit limit includes proposed limit of Rs. 56.37 crore.

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About Infomerics:

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.

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Press Release

any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

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	-	-	2026	1.46	IVR BBB/ Stable
Cash Credit	-	-	-	195.37	IVR BBB/ Stable
BG	-	-	-	3.00*	IVR A3+
BG	-	-	-	(20.00) #	IVR A3+

**100% both way interchangeability between BG and CC limit.*

Sublimit for CC Limit.

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Nokha-Agrotech-may24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.