



Press Release

Shaheen Agro Fresh Private Limited (SAFPL)

January 12th, 2024

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	28.82	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	Assigned	Simple
Long term - Proposed Bank Facilities	9.68	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	Assigned	Simple
Total	Rs.38.50 (Rupees Thirty- Eight Crore and Fifty Lakhs Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Shaheen Agro Fresh Private Limited (SAFPL) derive strength from experienced management and long track record of operation and Healthy profitability. The rating is however constrained on account of small scale of operations, moderate capital structure and elongated working capital cycle.

Key Rating Sensitivities:

Upward Factors

- Significant improvement in revenue along with improvement in working capital cycle leading to overall improvement in liquidity position.

Downward Factors

- Any decline in revenue and profitability and/or any further increase in working capital cycle leading to deterioration in liquidity position.



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List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Experienced Management and long track record of operation

SAFPL has experienced management led by Mr. Asif Jahangir Reshi and Mr. Majid Aslam Wafai both has more than decades of experience in the same line business. Extensive industry experience of the promoters resulted in established relationship with customers and suppliers.

Healthy profitability

Though, EBITDA margins have declined but remained healthy and at 25.57% in FY23 as compared to 34% in FY22 due to higher stocking of goods at the end of FY23. Net profit margins have declined to 3.41% in FY23 (FY22:5.1%) due to lower EBITDA margins and deferred tax adjustments.

B. Key Rating Weaknesses

Small Scale of operations

Despite being in the business for more than a decade, the scale of operations remained small with a total operating income of Rs. 37.99 crore in FY23. The small size restricts the financial flexibility of the entity in times of stress and deprives it from benefits of economies of scale. However, notwithstanding its small scale of operations SAFPL has achieved a CAGR of ~26% during FY20-FY23 mainly driven by increase in revenue from trading operations. The apple trading operations witnessed a steady improvement driven by higher focus of the management and contributes around ~65% of total revenue in FY23.

Moderate capital structure

SAFPL's capital structure remains moderate, with gearing stood at 1.78x in FY23 (2.65x in FY22) with reduction in overall debt which has reduced to Rs.51.73 crore at the end of FY23 (FY22: Rs.71.53 crore). Out of the total debt at the end of Rs.51.73 crore, Rs.13.18 core is from directors and relatives. IVR expects capital structure to improve from FY24 onwards with periodic debt repayments, absence of debt led capex and accretion of profits. TOL/TNW also improved and stood at 1.93x in FY23 (FY22: 2.77x).

Elongated working capital cycle.



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SAFPL 's working capital remains moderate with the net operating cycle of 288 days at the end of FY23 improving from 321 days in FY22 this is mainly on account of high inventory days and low creditor days, as the SAFPL is engaged in seasonal business of cold storage in which payment release from customers is normally after clearance of stocks from the storage as the SAFPL have minimum lock in period for the storage is 4 month. Low creditor days, as the SAFPL is requested to make advance payments to Apple growers for booking of Apple orders before start of season & accordingly their trade payable level is at lower side.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Criteria on Default Recognition](#)

[Criteria of assigning rating outlook](#)

[Rating methodology for Trading companies](#)

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

Liquidity: Adequate

SAFPL's liquidity remains adequate with current ratio and quick ratio remained comfortable at 2.31x and 1.80x respectively at the end of FY23 (FY22: 2.61x and 2.30x respectively). DSCR remained comfortable in FY23 and Infomerics expects DSCR to remains above unity level through FY24-FY26 with stable profitability and no significant repayments. Liquidity is constrained by near full utilisation for twelve months ended 98% in FY23.



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About the company

Shaheen Agro Fresh Private Limited (SAFPL) was founded in 2013 by Mr. Asif Jahangir Reshi and Mr. Majid Aslam Wafai. The SAFPL is involved in apple trading and offers cold storage services for apples and other perishable items. Their controlled atmosphere cold storage facility, situated in Jammu & Kashmir, has a total capacity of 10,000 MT per annum, divided into two units of 5,000 MT each. Additionally, the SAFPL generates revenue by providing job work services like Sorting, Grading, and Packing to its customers. The day-to-day affairs of the SAFPL are looked after by Mr. Asif Jahangir Reshi and Mr. Majid Aslam Wafai.

Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	28.29	37.99
EBITDA	9.62	9.72
PAT	1.49	1.31
Total Debt	71.53	51.73
Tangible Net worth	27.04	29.04
Ratios		
EBITDA Margin (%)	34.00	25.57
PAT Margin (%)	5.10	3.41
Overall Gearing Ratio (x)	2.65	1.78

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Bank Facilities	Long Term	28.82	IVR BB-/Stable	-	-	-
2.	Long term - Proposed Bank Facilities	Long Term	9.68	IVR BB-/Stable	-	-	-



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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.

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

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Annexure 1: Details of Facilities



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long term fund-based – Term Loan	--	--	September 2031	7.33	IVR BB-/Stable
Long term fund-based – LAP Loan	--	--	October 2033	9.49	IVR BB-/Stable
Long term fund-based – Cash Credit	--	--	Revolving	12.00	IVR BB-/Stable
Long term fund-based – Proposed	--	--	--	9.68	IVR BB-/Stable

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-ShaheenAgro-jan24.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.