



Press Release

Shree Agro Crop Sciences Private Limited

September 21, 2023

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	25.00	IVR BB+/ Stable Outlook [IVR Double B Plus with Stable Outlook]	Assigned	Simple
Total	25.00 (Rupees Twenty Five crore Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Shree Agro Crop Sciences Private Limited (SACSPL) considers improvement in the operational performance of the company in FY23 marked by rise in its total operating income and absolute profits leading to improvement in gross cash accruals coupled with moderate debt protection metrics. Further, the rating also derive strength from extensive experience of its promoters in the fertilizers & agrochemicals. However, these rating strengths remain constrained due to its exposure to intense competition and working capital intensive nature of its operation. Further, the rating also note exposure to risks inherent in the agrochemical and organic fertilizer market in India.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in revenue while maintaining the current profitability while maintaining the current credit profile.

Downward Factors

- Any unplanned debt led capex and/or any declined in revenue and profitability resulting in deterioration in overall credit profile.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoters**

The Company has an established presence in the agriculture industry spreading over more than one decade leading to long-standing relationships with suppliers and customers. The company has benefited from the extensive experience of the promoters i.e Mr. Sagar Uttam Ghorpade who possess more than one decade of experience in the agriculture industry.

- **Location-specific advantage**

The manufacturing unit of the company is strategically located at Satara in close proximity to the agriculture hub in India. The location of the unit provides a competitive advantage in terms of raw material procurement and proximity to major consumption and thereby considerably reducing the freight cost for the company.

- **Comfortable financial risk profile**

The sale of the entity has increased to Rs. 61.22 Cr in FY23(prov) as against Rs. 34.30 Cr in FY22. The profitability margins of the entity are moderate with EBITDA and PAT standing at 11.56% & 4.51% respectively in FY23(prov) as compared to 13.06% and 4.42% in FY22. Further, the DSCR & ISCR stands at 5.19x & 6.04x respectively in FY23(prov) which has improved significantly from 3.53x & 3.48x in FY22 due to increase in profitability.

Key Rating Weaknesses

- **Regulated nature of fertilizer industry along with high dependence on monsoon**

The fertilizer industry being activity allied to the agriculture sector, it is highly regulated and monitored by the government to ensure adequate control over the quality, price and distribution of fertilizers. Also, demand for fertilizers is dependent on adequacy and distribution of monsoon in a particular region.



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- **Working capital intensive nature of operations**

India is an agricultural country, and the fertilizer industry is dependent upon agricultural produce in the country, with any unfavourable climatic changes can impact the overall demand for fertilizers. The product manufactured by the company are highly dependent on onset of monsoon & other climatic condition in the country. Owing to this seasonal nature of its business, the company needs to maintain higher inventory levels as reflected by inventory days of 133 and 95 in FY22 and FY23, respectively. However, debtor days are comfortable with the prudent collection process at 76 days and 77 days in fiscal years FY22 and FY23 respectively. However, the overall operating cycle stands moderately comfortable and expected to remain in the projected period as well.

- **Exposure to volatility in raw material prices and foreign exchange rates**

Prices of key raw materials such as rock phosphate and sulphuric acid have linkages with the global market and exhibit volatility with change in international prices as well as foreign exchange rates. Since company needs to maintain adequate inventory due to the seasonal nature of the fertiliser, the stocked inventory is exposed to inventory price risk, given the volatility in raw material prices. Moreover, company scale of operations and profitability also remain susceptible to agro-climatic conditions in the country since the demand for fertilisers in India is generally influenced by the monsoons.

- **Intense Competition**

Entry barriers in the industry are low on account of limited capital and technology requirement and also low differentiation in the end product leading to intense competition and limiting the pricing power resulting in low profitability.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of Rating Outlook | Infomerics Ratings](#)



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Liquidity – Adequate

The liquidity position of the company is expected to remain comfortable marked by its expected adequate gross cash accruals against its debt repayment obligations during FY23-FY25. The current ratio of the company remained comfortable at 1.11x at the end of FY23 (FY22: 1.09x). The average fund based working capital utilization of the group during the last twelve months ended August 2023 remains at around ~91.80%.

About the Company

Shree Agro Crop Sciences Pvt Ltd (SACSSPL) was established as a private limited company in 2012 and is promoted by Mr. Sagar Uttam Ghorpade, who brings 17 years of experience, and Mrs. Supriya Sagar Ghorpade, with 5 years of experience. The company's registered office is located in Satara, Maharashtra. SACSSPL operates in the manufacturing sector, specializing in the production of both organic and non-organic agricultural fertilizers. The company offers a diverse range of fertilizer products with the following installed capacities: 14324 MT for NPK 18.18.10, 7053 MT for Potash derived from molasses, 341 MT for Phosphate Rich Organic Manure, and 1720 MT for Dihydrate Poly Halite.

Financials (Standalone)*:

(Rs. Crore)		
For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Provisional)
Total Operating Income	34.30	61.22
EBITDA	4.48	7.08
PAT	1.52	2.77
Total Debt	15.45	28.87
Tangible Net worth	7.59	10.51
EBITDA Margin (%)	13.06	11.56
PAT Margin (%)	4.42	4.51
Overall Gearing Ratio (times)	2.04	2.75

*Classification as per Infomerics standards



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Status of non-cooperation with previous CRA: NA

Any other information: None

Rating History for last three years:

		Current Ratings (Year 2023-24)			Rating History for the past 3 years		
Sr. No.	Name of Instrument / Facilities	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
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1.	Fund Based – Term Loan 1	Long Term	1.43	IVR BB+/ Stable	–	–	–
2.	Fund Based – Term Loan 2	Long Term	3.81	IVR BB+/ Stable	–	–	–
3.	Fund Based – WCTL	Long Term	1.62	IVR BB+/ Stable	–	–	–
4.	Fund Based – GECL EXT	Long Term	1.01	IVR BB+/ Stable	–	–	–
5.	Fund Based – Term Loan 1	Long Term	2.78	IVR BB+/ Stable	–	–	–
6.	Fund Based – Cash credit	Long Term	10.00	IVR BB+/ Stable	–	–	–
7.	Fund Based – Proposed Cash credit	Long Term	4.35	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



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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

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund Based – Term Loan 1	–	–	September - 2024	1.43	IVR BB+/ Stable
Fund Based – Term Loan 2	–	–	September - 2024	3.81	IVR BB+/ Stable
Fund Based – WCTL	–	–	October -2024	1.62	IVR BB+/ Stable
Fund Based – GECL EXT	–	–	--	1.01	IVR BB+/ Stable
Fund Based – Term Loan 1	–	–	October -2024	2.78	IVR BB+/ Stable



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund Based – Cash credit	–	–	–	10.00	IVR BB+/ Stable
Fund Based – Proposed Cash credit	–	–	–	4.35	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-SACSPL-sept23.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.