



## Press Release

### **Shri Shyam Agro Biotech Private Limited**

**February 03, 2025**

#### **Ratings**

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long-term Bank Facilities	34.30 (including proposed limit of 10.00)	IVR BB/ Stable (IVR Double B with Stable Outlook)	-	Rating assigned	<a href="#">Simple</a>
Short-term Bank Facilities	1.00 (including proposed limit of 0.25)	IVR A4 (IVR A Four)	-	Rating assigned	<a href="#">Simple</a>
<b>Total</b>	<b>35.30</b> <b>(Rs. Thirty-five crore</b> <b>and Thirty lakh only)</b>				

**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**

The ratings assigned to the bank facilities of Shri Shyam Agro Biotech Private Limited (SSABPL) derives comfort from its experienced management, established brand name with reputed and diversified customer base, moderate scale of operations with improving profitability and moderate financial risk profile. These rating strengths are partially offset by industry susceptible to agro-climatic risks and Government policies, competitive business environment due to fragmented nature of the industry and working capital intensive nature of operations.

The outlook assigned on the long-term rating is Stable on the back of satisfactory demand outlook of the industry coupled with improving financial risk profile of the company.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Continuous growth in revenue along with sustained profitability.
- Sustained improvement in the capital structure with improvement in debt coverage indicators.

##### **Downward Factors**

- Moderation in scale of operation and/or profitability.
- Deterioration of capital structure and debt coverage indicators.
- Deterioration in working capital management.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced management**

The company is promoted by Mr. Rohit Khaitan, Mr. Shambhu Agarwalla and Ms. Anupama Saraf having over two decades of experience in the flour milling industry. This has resulted into healthy relationship with suppliers and repetitive orders from its customers. It has also established operational track record of more than two decades.

- **Established brand name with reputed and diversified customer base**

The company has been able to establish a strong brand name for marketing its products and has also developed a robust marketing and distribution network over the years. SSABPL sells its products like Maida, Atta and Suji under the brand name 'Agro Fresh'. The company has also been dealing with several customers - such as Parle, Prayas, Metro Cash & Carry for more than a decade.

- **Moderate scale of operations with improving profitability**

The revenue of the company has been increasing at a CAGR of ~17% during the last three years and ended at Rs. 222.88 crore during FY24 (refers to the period April 01, 2023 to March 31, 2024). Till December 2024 the company has already attained Rs. 183.78 crore which is ~82% of FY24 revenue. Moreover, operating and PAT margin of the company has been increasing during last three financial years despite a decline in revenue on account of few opportunistic trades which fetches better margin. EBITDA margin improved and stood at 2.66% in FY24, whereas PAT margin also improved and stood at 0.70% in FY24.

- **Moderate financial risk profile**

The financial risk profile of the company stood moderate marked by moderate tangible net worth, improving gearing levels and debt protection metrics. The adjusted net worth of the company stood at Rs. 19.08 crore as on March 31, 2024, comparing to Rs. 17.48 crore as on March 31, 2023. The ATNW of the company consisted of unsecured loan from other body corporates of Rs. 0.78 crore which is subordinated to the bank loan and therefore treated as quasi equity. The overall gearing ratio has slightly improved to 1.33x as on March 31, 2024, from 1.55x as on March 31, 2023, on the back of regular repayment of debts and accretion of profit to reserve. Total indebtedness marked by TOL/ATNW improved to 1.53x as on March 31, 2024, from 1.95x as on March 31, 2023, with the overall reduction in the debt. The debt



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protection metrics stood improved marked by Interest Coverage Ratio of 2.45x in FY24 from 2.09x in FY23 (refers to the period April 01, 2022 to March 31, 2023), and Debt Service Coverage Ratio was also adequate at 1.16x as on March 31, 2024. Total Debt to NCA has also improved at 8.52x in FY24 from 11.79x in FY23.

### Key Rating Weaknesses

- **Industry susceptible to agro-climatic risks and Government policies**

The raw material (wheat) is exposed to pests and harvesting also depends upon agroclimatic conditions, which impact the raw material availability to some extent. The company also remains exposed to other risks inherent in an agro-based business, including changes in Government policies in relation to the stipulation of the minimum support price (MSP) for procurement of agro products from farmers and revision of policies on import/ export etc. The margins remain susceptible to the price movement of the agro products that are subject to climatic conditions and Government intervention.

- **Competitive business environment due to fragmented nature of the industry**

The wheat milling business is characterized by fierce competition because of limited product differentiation, significant fragmentation, and low entry barriers. These factors restrict the company's and other participants' ability to set their own prices.

- **Working capital intensive nature of operations**

SSABPL's business is working capital intensive in nature reflecting from increasing GCA days of 62 days in FY24 from 60 days in FY23 and 80 days in FY22 is primarily on account of higher inventory holding period as the company keeps 1-2 months of inventory for better capture of opportunistic trades and better price realisations and instant payment to the creditors for procurement of materials. Additionally, collection period has slightly increased in FY24 whereas payment period has declined.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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



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### **Liquidity – Adequate**

SSABPL has earned gross cash accrual of Rs. 2.98 crore in FY24. Further, the company is expected to earn gross cash accruals in the range of ~ Rs. 4 - 7 crore as against its debt repayment obligation around ~ Rs. 1 - 2 crore during FY25-27. Accordingly, the liquidity position of the company is expected to remain adequate in the near to medium term. Moreover, the current ratio was adequate at 1.40x as on March 31, 2024. The average fund-based utilisation for the twelve months ended December 2024, remained high at ~ 93% indicating limited liquidity cushion.

### **About the Company**

West Bengal based Shri Shyam Agro Biotech Private Limited (SSABPL) was incorporated on May 9, 2001 in Kolkata. The company operates a flour mill in Raniganj and produce a variety of ground wheat products, including Atta, Maida, Suji, and Besan with an installed capacity of 1,00,000 MTPA. SSABPL markets its products under own brand name of “Agro Fresh” and also packets and distributes various wheat products for e-commerce platform like Flipkart. Mr. Rohit Khaitan, Managing Director, is at the helm of affairs and looks after day-to-day operation along with other two directors and a team of experienced personnel.

### **Financials (Standalone):**

	<b>(Rs. crore)</b>	
<b>For the year ended/ As on*</b>	<b>31-03-2023</b>	<b>31-03-2024</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	247.74	222.88
EBITDA	4.19	5.93
PAT	1.10	1.56
Total Debt	27.05	25.44
Adjusted Tangible Net Worth	17.48	19.08
EBITDA Margin (%)	1.69	2.66
PAT Margin (%)	0.44	0.70
Adjusted Overall Gearing Ratio (x)	1.55	1.33
Interest Coverage (x)	2.09	2.45

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** India Ratings through its press release dated June 08, 2024 migrated SSABPL's rating under 'Issuer not Cooperating' category on account of non-submission of No Default Statement continuously for 3 months.



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**Any other information:** Nil

**Rating History for last three years:**

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan (including proposed limit)	Long Term	2.69	IVR BB/ Stable	-	-	-
2.	GECL	Long Term	1.61	IVR BB/ Stable	-	-	-
3.	Cash Credit (including proposed limit)	Long Term	30.00	IVR BB/ Stable	-	-	-
4.	Bank Guarantee (including proposed limit)	Short Term	1.00	IVR A4	-	-	-

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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: Instrument/Facility Details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	April 2027	0.69	IVR BB/ Stable
GECL	-	-	-	April 2027	1.61	IVR BB/ Stable
Cash Credit	-	-	-	-	22.00	IVR BB/ Stable
Bank Guarantee	-	-	-	-	0.75	IVR A4
Proposed Term Loan	-	-	-	-	2.00	IVR BB/ Stable
Propose Cash Credit	-	-	-	-	8.00	IVR BB/ Stable
Proposed Bank Guarantee	-	-	-	-	0.25	IVR A4

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-shrishyamagro-feb25.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](http://www.infomerics.com).