



Press Release

S K Agrofood Tech Private Limited (SKATPL)

January 16, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loan	2.99	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating upgraded	Simple
Long Term Bank Facilities – GECL 1	0.08	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating upgraded	Simple
Long Term Bank Facilities – GECL 2	0.00	Withdrawn	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Withdrawn*	Simple
Long Term Bank Facilities – GECL 3	0.48	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating upgraded	Simple
Long Term Bank Facilities – Cash Credit	45.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating upgraded	Simple
Short Term Bank Facilities – Letter of Credit	3.50	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Rating upgraded	Simple
Total	52.05 (Rupees Fifty-Two crore and Five lakh only)				

*Infomerics has withdrawn the ratings for this facility on the basis of request by the company, and no dues certificate by the banker. The rating is withdrawn in line with Infomerics policy of Withdrawal of rating.



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

Detailed Rationale

Infomerics has upgraded its rating assigned to the bank facilities of SKATPL as there is sustained improvement in scale of operations during FY24 (refers to the period from April 1, 2023, to March 31, 2024) along with comfortable capital structure.

Furthermore, SKATPL continues to derive strength from increasing scale of operations with healthy margins, comfortable capital structure and experienced promoters. The ratings are however constrained by intense competition and volatility in raw material prices.

The outlook is expected to remain stable through extensive support of promoters, increasing scale of operations and comfortable debt protection metrics.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained increase in revenues and profitability leading to improvement in cash accruals and liquidity position.
- Improvement in capital structure.

Downward Factors

- Any decline in scale of operations and/or profitability.
- Any un-envisaged incremental debt funded capital expenditure leading to a deterioration in the capital structure and thereby debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Increasing scale of operations with healthy margins

SKATPL's revenue has improved by 36.20% to Rs. 217.28 crore in FY24 from Rs. 159.53 crore in FY23 on account of higher sales volume. Further, SKATPL has achieved revenue of



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Rs. 196.90 crore in 8MFY25 and is expected to achieve revenue of Rs. 290 crores through expected increase in volume and realization. Further, company will be enhancing its capacity from 10,600 MTPA to 16,600 MTPA commencing from February 2025 for which the capex has been completed.

Further, EBIDTA margins have remained comfortable in the range of 7.7%-8.5% and are expected to remain in similar range going forward.

Comfortable capital structure

Though overall gearing and TOL/TONW has increased to 0.92x and 1.29x respectively in FY24 from 0.56x and 0.86x respectively in FY23 due to increase in working capital borrowings, SKATPL's capital structure continued to remain comfortable. Further, SKATPL's interest coverage has remained at similar level at 3.27x in FY24 from 3.30x in FY23. However, Total debt/ NCA ratio has increased to 6.01x in FY24 from 4.06x in FY23 due to increase in working capital borrowings.

Experienced promoters

S K Agrofood Tech Private Limited was incorporated in 2012, and the company is currently managed by Mr. Sanjay Ramling Ligade who has 26 years of work experience and Mr. Vazir Azamuddin Shikalgar 33 years of experience in the industry. SKATPL is also assisted by a team of well qualified and experienced professionals. The company is likely to benefit from the extensive experience of its promoters and management over the medium term.

Key Rating Weaknesses

Intense Competition

SKATPL faces stiff competition from large reputed international and domestic players, which limits its pricing flexibility and bargaining power with its customers, leading to a pressure on its revenues and margins.

Volatility in raw material prices

The major raw material used in manufacturing of flexible packaging product is paper (60% contribution is of paper for flexible packaging manufacturing) and the paper price keeps on



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fluctuating and highly affected by general economic conditions as well as the industry demand and supply. The increase in paper price will lead to increase in flexible packaging product price which might affect the company's profitability.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on assigning rating outlook](#)

[Criteria on Default Recognition and Post-Default Curing Period](#)

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

[Policy on withdrawal of ratings](#)

Liquidity – Adequate

The liquidity position of the company remains adequate as cash accruals are expected to match adequately with debt repayment obligations. The average working capital utilization for 12 months ending November 2024 has been 93.16%. The current ratio and quick ratio stood at 1.69x and 1.17x respectively in FY24.

About the Company

S K Agrofood Tech Private Limited (SKATPL) was incorporated on April 17, 2012, and is engaged in manufacturing packaging products with an installed capacity of 10,600 MTPA. SKATPL is currently managed by its Director Mr. Sanjay Ramling Ligade who has an experience of more than 26 years in the industry and Mr. Vazir Azamuddin Shikalgar who has an experience of more than 33 years in the industry. SKATPL generates revenue by selling packaging products to Food industry, Automobile industry, pharmaceutical industry, Electrical industry and Cosmetics industry.



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Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	159.53	217.28
EBITDA	13.28	16.73
PAT	5.60	6.90
Total Debt	32.02	59.26
Tangible Net Worth	57.50	64.61
EBITDA Margin (%)	8.33	7.70
PAT Margin (%)	3.51	3.18
Overall Gearing Ratio (x)	0.56	0.92
Interest Coverage (x)	3.30	3.27

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (November 1, 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan	Long Term	2.99	IVR BBB/ Stable	IVR BBB-/ Stable	--	--
2.	GECL 1	Long Term	0.08	IVR BBB/ Stable	IVR BBB-/ Stable	--	--
3.	GECL 2	Long Term	0.00	Withdrawn	IVR BBB-/ Stable	--	--
4.	GECL 3	Long Term	0.48	IVR BBB/ Stable	IVR BBB-/ Stable	--	--
5.	Cash Credit	Long Term	45.00*	IVR BBB/ Stable	IVR BBB-/ Stable	--	--
6.	Letter of Credit	Short Term	3.50	IVR A3+	IVR A3	--	--

*Sub-limit of Letter of Credit: Rs. 5.00 crore and ODBD: Rs. 5.00 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.

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: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	--	--	March, 2031	2.99	IVR BBB/ Stable
GECL 1	--	--	March, 2025	0.08	IVR BBB/ Stable
GECL 3			March, 2027	0.48	IVR BBB/ Stable
Cash Credit	--	--	--	45.00*	IVR BBB/ Stable
Letter of Credit	--	--	--	3.50	IVR A3+

*Sub-limit of Letter of Credit: Rs. 5.00 crore and ODBD: Rs. 5.00 crore.

Annexure 2: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Len-SKAgrofood-16jan25.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