

Dinkarrao B Mane Agro Industries Private Limited

March 06, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Dinkarrao B Mane Agro Industries Private Limited (DBMAPL) to monitor the rating vide e-mail communication dated December 18, 2023, December 29, 2023, January 03, 2024, January 12, 2024 February 22, 2024 and February 27, 2024 and numerous phone calls. However, despite our repeated requests, the company has not provided requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The ratings on DBMAPL's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The ratings assigned to the bank facilities of Dinkarrao B Mane Agro Industries Private Limited (DBMAPL) remain constrained on account of Business risk associated with short track records of operations, leveraged capital structure and moderate debt coverage indicators, cyclical and seasonal nature of the Jaggery & Sugar industry, agro-climactic risk and continuation of low cane recovery and regulated nature of Industry. However, the rating derives benefit from experience of the promoters in agro-based businesses and location advantage.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on March 08, 2023 following were the rating strengths and weaknesses (updated from information available from registrar of companies).

Key weaknesses

Business risk associated with short track records of operations

Initial stage of operation and stabilisation phase in a competitive industry restrict the business risk profile. Being first full year of operations, the company has registered Total operating Income (TOI) of Rs 9.57 crores during FY23 with PBILDT of Rs.2.56 crore and net loss of Rs.0.45 crore. Adequate ramp-up in sales and generation of cash accruals remain critical from the credit perspective and hence remain a key rating monitorable

Leveraged capital structure and moderate debt coverage indicators

The Company's capital structure continues to remain leveraged with overall gearing of 5.12x times as on March 31, 2023 (A) on the back of low net worth base vis-a vis high overall debt. Further, due to high overall debt and interest cost, debt coverage indicators although improved but remained moderate as marked by interest coverage ratio of 3.70x and TDGCA of 8.67 years as on March 31, 2023.

Cyclical and seasonal nature of the Jaggery & Sugar industry

The production of sugarcane and sugar is cyclical in nature wherein production of sugarcane remains in an uptrend for two years and then declines over the next two years, before trending up again. It is a typical cycle which is affected more by cane and sugar supply than by sugar demand. The production of sugar is seasonal in nature as the sugarcane is crushed from November to April and may extend in case of surplus sugarcane production. Cyclical nature of sugar industry (affected by cane supply and sugar demand though largely driven by the supply side dynamics) and volatility in prices results in significant impact on operating performance of sugar companies and Jaggery making companies.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Agro-climactic risk and continuation of low cane recovery

The Jaggery industry, being directly dependent on the sugarcane crop and its yield, is susceptible to agro climatic risks including pest & diseases. Climatic conditions, more specifically, the monsoons influence various operational parameters for a sugar entity, such as the crushing period and sugar recovery levels. This risk is more prominent for DBMPL as it is in Marathwada which has historically faced droughts and sugarcane quality is impacted by water stressed conditions; notwithstanding the cane improvement quality measures being undertaken by the nearby sugar factories every year.

Regulated nature of Industry

The Sugar industry is highly regulated and is vulnerable to the government policies for various reasons like its importance in the Wholesale Price Index (WPI) as it classifies as an essential commodity. The government on its part resorts to various regulations like fixing the raw material prices in the form of Fair & Remunerative Prices (FRP).

Key strengths

Experience of the promoters in agro-based businesses

The promoters have extensive experience in the sugar, dairy, and education segments. Management's experience in agro-based industries also enables the company to establish relations with farmers and ensure adequate supply of sugarcane. Mr. Dinkarrao Mane, aged 61, heads the company in the capacity of Chairman & Managing Director (CMD) and is a first-generation entrepreneur who looks over the overall management. Mr Mane is having Experience in same filed of Sugar Industry for More than 25 years. The top management is supported by a qualified and professional management team who looks after various activities such as production, sourcing, and operations.

Locational Advantage

The plant is located at Latur which is well-connected with road [connect with NH- 47 (distance ~1 Km), NH 44 (distance ~7 Km)], Railway Station (distance ~5 Km) and Airport (distance ~12 Km). This aids in easy access the plant as the same is just adjacent to main state highway of Latur Solapur National Highway, there is not any difficulty regarding transportation of raw material as well as finished goods. Besides it is connected to all business centers by state and national highways. Furthermore, the company has harvesting and transportation tie-ups with contractors. sugar cane cultivation report of agriculture department from the nearby area of the plant indicates that excess cultivation of sugar cane is available.

Applicable criteria

[CARE Ratings criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on Default Recognition](#)

[Criteria on assigning outlook and credit watch](#)

[Financial Ratios – Non-financial Sector](#)

[Manufacturing Companies](#)

[Sugar](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Sugar

Dinkarrao B Mane Agrotech Private Limited (DBMPL), Incorporated in 2020 and based in Latur, Maharashtra, is promoted by Mr. Dinkarrao Mane along with his friends and family. The company is in process of setting up of plant to manufacture organic jaggery powder with the capacity of 700 TCD (Tones Crushing Day).

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	0.15	9.57
PBILDT	0.00*	2.56
PAT	0.00*	-0.45
Overall gearing (times)	3.09	5.12
Interest coverage (times)	1.43	3.70

A: Audited; Note: 'the above results are latest financial results available'; *Amount in thousands

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	March 2027	13.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	13.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (08-Mar-23)	-	-

*Issuer did not cooperate; based on best available information.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Shachee Vyas Assistant Director CARE Ratings Limited Phone: +91-79-40265665 E-mail: shachee.tripathi@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 91 22 6754 3444 E-mail: Ankur.sachdeva@careedge.in	Foram Dave Analyst CARE Ratings Limited Phone: +91-079-40265687 E-mail: foram.dave@careedge.in
	Riddhi Shah Associate Analyst CARE Ratings Limited E-mail: riddhi.shah@careedge.in

About Us:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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