



## Shiv Krupa Industries

Instrument	Amount	Rating Action
Cash Credit	Rs. 4.50 crore	[ICRA]B reaffirmed
Term Loan	Rs. 1.80 crore	[ICRA]B reaffirmed

ICRA has reaffirmed the [ICRA]B (pronounced ICRA B) rating assigned to the long term fund based facilities of Rs. 6.30 crore of Shiv Krupa Industries (SKI)<sup>†</sup>.

The reaffirmation of rating continues take into consideration the firm's weak financial profile characterized by low profitability, which are vulnerable to movements in cotton prices and seasonality of harvest; leveraged capital structure and weak debt coverage indicators as well as modest scale of operations. The rating continues to take into account limited value addition in the cotton ginning and cottonseed crushing business and the highly fragmented and competitive nature of the industry as well as the exposure to regulatory risks with regards to Minimum Support Price (MSP) for raw cotton and imposition of any restriction on cotton exports by Government of India (GOI). Further, the rating considers the risk of substantial withdrawal from capital account given the entity's constitution as a partnership firm, which could impact its net worth and thereby its capital structure.

The rating, however, continues to favourably consider the past experience of the promoters in the cotton Industry and the favourable location of the firm's plant with respect to raw material procurement.

### Entity Profile

Shiv Krupa Industries (SKI) was formed as a partnership firm in October 2012 and is engaged in the cotton ginning and pressing operations. The firm commenced its commercial operations from October 2013. The promoters of the firm have past experience in cotton ginning and pressing industry through their earlier association with other firms as partners and as key operating personnel in past

### Recent Results

For the year ended March 31, 2015, the firm reported an operating income of Rs. 30.71 crore and profit before tax of Rs 0.05 crore against operating income of Rs. 25.95 crore and profit before tax of Rs. 0.09 crore for the year ended March 31, 2014.

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\* 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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