July 10, 2017

Sunil Industries

Summary of Rated Instruments

Instrument^	Rated Amount (Rs. crore)	Rating Action*
Fund Based Cash Credit Limits	7.00	[ICRA]B+(Stable); Re-affirmed
Fund Based Term loan	0.25	[ICRA]B+(Stable); Re-affirmed
Total	**7.25**	

* Issuer did not co-operate; based on best available information.
^Instrument details are provided in Annexure-1

Rating action
ICRA has reaffirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus)[1] assigned to the Rs. 7.25 crore[2] fund based facilities of Sunil Industries ('SI' or 'the company'). The outlook on the long-term rating is Stable.

Rationale
The rating action is based on the best available information. As part of its process and in accordance with its rating agreement with **Sunil Industries**, ICRA has been trying to seek information from the company to undertake a surveillance of ratings; but despite multiple requests, the company's management has remained non-cooperative. In the absence of the requisite information, ICRA's Rating Committee has taken a rating view based on the best available information. In line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company's rating is now denoted as: **"[ICRA]B+(Stable); ISSUER NOT COOPERATING"**. The lenders, investors and other market participants may exercise appropriate caution while using this rating, given that it is based on limited or no updated information on the company's performance since the time it was last rated.

Key rating drivers

Credit strengths
- Long standing experience of the promoters in the pulse processing and trading business
- Stable demand from end consumers with pulses forming an essential constituent of the Indian diet

Credit weaknesses
- Modest scale of operations
- Financial risk profile characterized by thin profitability, high gearing and modest coverage indicators; though majority of the debt is in the form of working capital borrowings
- Intense competitive pressures from organized and unorganized player in the pulse processing industry
- Inherent risk to agro-climatic conditions and government regulations
- Business constitution as partnership firm makes it vulnerable to withdrawal of capital by partners

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[1] *For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications*
[2] *100 lakh = 1 crore = 10 million*

Description of key rating drivers:
Established in 1985, SI is engaged in processing of pulses, mainly moong dal (Moong bean) and toor dal (Pigeon pea). SI operates in an industry which is characterized by high competition with presence of large number of organized and unorganized players. Furthermore, pulses being an agro commodity, its price and availability are dependent on a combination of factors like climatic conditions, government policies, prevailing demand and supply scenario among others. SI has modest scale of operations as compared to other entrenched players in this intensely competitive industry. Sunil Industries business constitution as partnership firm makes it vulnerable to withdrawal of capital by partners.

Analytical approach:
For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:
Corporate Credit Rating Methodology

About the company:
SI was incorporated in 1985 by Mr. Ramesh Totla and his family as a partnership firm. With gradual retirement of the initial partners, Mr. Ramesh Totla along with his son Mr. Manish Totla took over the entire business in 2002. The firm is primarily involved in processing of pulses, mainly moong dal (moong bean) and toor dal (pigeon pea). SI's processing facility is located in Jalna, Maharashtra

Latest Audited financials:

	FY2014	**FY2015**
Operating income(OI) (Crore)	37.12	39.35
PAT (Crore)	0.32	0.43
OPBDITA/ OI (%)	2.78%	2.50%
RoCE (%)	12.10%	11.20%
Total Debt/ TNW (times)	2.97	2.35
Total Debt/ OPBDITA (times)	5.01	5.28
Interest coverage (times)	2.02	2.64
NWC/ OI (%)	14.46%	13.79%

OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; PAT: Profit after Tax; RoCE: Return on Capital Employed; TNW: Tangible net worth; NWC: Net Working Capital.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last one year:

Table:

S. No.	Instrument	Current Rating (FY2018)			Chronology of Rating History for the past 1 year
		Type	Amount Rated (Rs. crore)	Date & Rating	Date & Rating in FY2016
				July 2017	January 2016
1	Fund Based Cash Credit Limits	Long Term	7.00	[ICRA]B+ (Stable)	[ICRA]B+
2	Fund Based Term Loan	Long Term	0.25	[ICRA]B+ (Stable)	[ICRA]B+

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1

Instrument Details

Name of the instrument	Date of issuance/ sanction	Coupon rate	Maturity Date	Size of the issue (Rs. crore)	Current Rating
Cash Credit	-	-	-	7.25	[ICRA]B+(Stable)
Term Loan	-	-	-	0.25	[ICRA]B+(Stable)

Source: Sunil Industries

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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