

Sudamo Impex Private Limited

Instrument	Amount	Rating Action
Fund Based Limits	11.25	Re-assigned [ICRA]BB (Stable) from [ICRA]B+
Non-fund Based Limits	(10.50)*	Re-assigned [ICRA]BB (Stable) from [ICRA]B+

*Sublimit of fund based limits

ICRA has re-assigned the long term rating outstanding for the Rs. 11.25 crore[†] long term fund based and non fund based limits of Sudamo Impex Pvt. Ltd. (SIPL or the company)[†] to [ICRA]BB (pronounced ICRA double B) from [ICRA]B+ (pronounced as ICRA B plus). The outlook on the long term rating is Stable.

The rating has been re-assigned based on change in ICRA's approach of rating the issuer. As compared to the earlier approach of rating the entity based on standalone considerations, ICRA has now taken a group view whereby ICRA considers that Sudamo's credit profile is likely to benefit by virtue of being part of the Madhusudan Group (Shri Madhusudan Rayons Private Limited rated at [ICRA]BB+/[ICRA]A4+) which should provide it with access to operational, managerial and financial support from other group entities, if and when required. The rating also continues to factors in the significant experience of promoters in the business of textiles and locational advantages due to presence in Surat, which provides easy accessibility to key raw materials.

The rating, however, continues to remain constrained by Sudamo Impex Private Limited's (SIPL) moderate scale of operations and highly geared capital structure, though a significant portion is in the form of unsecured loans from relatives. ICRA also notes that the net working capital intensity of the company has remained high owing to high inventory levels and high receivables, entailing stretched liquidity and full utilization of bank limits. The rating is also constrained by vulnerability of the margins to fluctuations in the prices of raw materials and to the competitive pressures prevailing in the textile industry.

About the Company

Incorporated in July 2006, Sudamo Impex Private Limited (SIPL) is engaged in manufacture of synthetic fabrics for suiting, shirting, sarees for ladies, ladies dress materials, embroidery fabrics, and home textiles. Mr. Shrikant Mundra, Mr. Deepal Mundra and Mr. Girdhagopal Mundra are involved in day to day operations of the company. The company has its registered office in Surat and weaving unit in Palsana, Surat. The company is a part of the Madhusudan Group which is into the business of textiles since 1982. The Group is vertically integrated textile manufacturer from yarn to a variety of finished fabric. Shri Madhusudan Rayons Private Limited (rated at [ICRA]BB+/[ICRA]A4+), Sudarshan Textiles Private Limited (rated at [ICRA]BB), Laxminarayan Industries (rated at [ICRA]BB) and Madhusudan Dying & Printing Mills Private Limited are the associate companies of SIPL in textile sector. Yatiraj Finance Corporation is a related entity of SIPL, which is engaged in funding of other group concerns.

Recent Results:

SCPL recorded a net profit of Rs.0.07 crore on an operating income of Rs. 8.96 crore for the year ending March 31, 2014. In FY15, the company reported a profit before depreciation and tax of Rs.0.31 crore on an operating income of Rs. 13.72 crore, as per the provisional financials. SIPL recorded a net profit of Rs.0.41 crore on an operating income of Rs. 28.08 crore for the year ending March 31, 2015 as compared to a net profit of Rs. 0.48 crore recorded on an operating income of Rs. 29.90 crore in the previous year.

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¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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