

October 25, 2017

Soma Nutrition Labs Private Limited

Summary of rated instruments

Instrument [^]	Rated Amount (Rs. crore)	Rating Action*
Fund-based Limits		
Term Loan	8.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING*; Rating moved to the 'Issuer Not Cooperating' category
Cash Credit	2.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING*; Rating moved to the 'Issuer Not Cooperating' category
S/L EPC#	(2.00)	[ICRA]B+ (Stable); ISSUER NOT COOPERATING*; Rating moved to the 'Issuer Not Cooperating' category

* Issuer did not co-operate; based on best available information.

[^] Instrument details are provided in Annexure-1

#Sub-limit of cash credit

Rating action

ICRA has moved the rating for the Rs. 10.00-crore¹ fund-based bank facilities of Soma Nutrition Labs Private Limited ² ('SNLPL' or 'the company') to the 'Issuer Not Cooperating' category. The rating is now denoted as "[ICRA]B+ (Stable); ISSUER NOT COOPERATING".

Rationale

The rating action is based on the best available information. As part of its process and in accordance with its rating agreement with SNLPL, 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

- **Vast experience of the management in therapeutic food products** – The key management personnel of the company have an extensive experience in therapeutic food products. The management has been actively networking among the United Nations (UN) organisations and NGOs working in African countries for providing relief to the poor people and children suffering from malnutrition.
- **Operational synergy from Group company with its existing customers serving as SNLPL's target customers** – The Group company Phoenix Trading and Consulting Private Limited (Phoenix), which was incorporated in 2013, is in the business of trading non-food items for the underprivileged. The customers of Phoenix include the United Nations Children's Fund (UNICEF), Danish Refugee Council, etc. in countries like Denmark, Syria, Iraq, Philippines and the UAE. The existing customers of the Group company are also the target customers of SNLPL, thereby eliminating the risk of market penetration to some extent.

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

Credit weaknesses

- **Nascent stage of operations since the manufacturing facility is under construction** – The company's plant is still under construction. The estimated date of commercial operations has been delayed by over one-and-a-half year, thereby exposing SNLPL to execution risks pertaining to delays in the commencement and stabilisation of operations.
- **Stringent quality checks of the manufacturing facility and products by prospective international customers** – The nature of the product exposes SNLPL to stringent quality checks of the manufacturing facility and products by the UN, UNICEF, and other international bodies who would be its prospective customers which might result in further delays in approval, thereby deferring the project commencement.
- **Being an export-oriented unit, the revenues and margins are exposed to exchange rate risk** – SNLPL will be manufacturing and supplying therapeutic and supplementary food for malnourished children across the world as well as in India. With a major chunk of its revenues being generated from exports, the company's revenues are exposed to currency fluctuations in the absence of any formal hedging mechanism. Further, the ability to scale up the export volume to generate adequate cash accruals given the debt-funded capex for timely servicing of debt obligations will remain critical.

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

Links to applicable criteria:

[Policy in Respect of Non-Cooperation by the Rated Entity](#)

About the company:

Soma Nutrition Labs Pvt. Ltd. (SNLPL /the company) was incorporated in 2013 and will be involved in the business of manufacturing and exporting therapeutic and supplementary food for malnourished children across the world as well as in India. Mr. Hemant Phatak, who is the Managing Director of the company, has an experience of over two decades in a similar line of business. SNLPL's registered office is in Borivali, Mumbai with a factory at Jejuri near Pune spread over an area of 6050 sq. metre. It has a Group company Phoenix Trading and Consulting Pvt. Ltd., which is involved in the trading of non-food items for the underprivileged.

Key financial indicators (Audited)

	FY2015	FY2016
Operating Income (Rs. crore)	0.00	0.00
PAT (Rs. crore)	0.00	0.00
OPBDIT/ OI (%)	-	-
RoCE (%)	-	-
Total Debt/ TNW (times)	3.08	3.30
Total Debt/ OPBDIT (times)	-	-
Interest Coverage (times)	-	-
NWC/ OI (%)	-	-

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress);

NWC: Net Working Capital;

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:

Table:

S. No.	Instrument	Current Rating (2018)			Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Date & Rating	Date & Rating in FY2017	Date & Rating in FY2016	Date & Rating in FY2015
				October 2017	May 2016	-	-
1	Term Loan	Long-term	8.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING*	[ICRA]B+	-	-
2	Cash Credit	Long-term	2.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+	-	-
3	S/L EPC#	Long-term	2.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]B+	-	-

* Issuer did not co-operate; based on best available information.

#Sub-limit of cash credit

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

ISIN No.	Name of the Instrument	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Current Rating and Outlook
-	Term Loan	February 2016	14.50%	Not available	8.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING*
	Cash Credit	-	-	-	2.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
	S/L EPC#	-	-	-	(2.00)	[ICRA]B+ (Stable); ISSUER NOT COOPERATING

* Issuer did not co-operate; based on best available information.

#Sub-limit of cash credit

Source: Soma Nutrition Labs Private Limited

Contact Details

Analyst Contacts

Subrata Ray

+91 22 6114 3408

subrata@icraindia.com

Suprio Banerjee

+91 22 6114 3443

supriob@icraindia.com

Srinivas Menon

+91 22 6169 3354

srinivas.menon@icraindia.com

Vidhi Vasa

+91 22 6169 3352

vidhi.vasa@icraindia.com

Relationship Contact

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

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.

For more information, visit www.icra.in

© Copyright, 2017, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



Registered Office

ICRA Limited

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office

Mr. Vivek Mathur

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai

Mr. L. Shivakumar

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata

Mr. Jayanta Roy

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai

Mr. Jayanta Chatterjee

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore

Mr. Jayanta Chatterjee

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad

Mr. L. Shivakumar

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune

Mr. L. Shivakumar

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad

Mr. Jayanta Chatterjee

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500