

Press Release

Sun Polyfilms

June 15, 2018

Rating Assigned



| | |
|-------------------------------------|---------------|
| Total Bank Facilities Rated* | Rs. 10.00 Cr. |
| Long Term Rating | ACUITE D |

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE D**' (read as **ACUITE D**) on the Rs.10.00 crore bank facilities of Sun Polyfilms.

Sun Polyfilms (SPF) based at Gujarat was incorporated in March, 2015 and operations commenced from August, 2016. The partnership firm is promoted by Mr. S.S. Rao and his family. The firm is engaged in four different line of business, namely, manufacturing of polyfilms & laminates, paper core, edible oil generating jar and bottles and job work for packing edible oil.

Key Rating Drivers

Strengths

- **Experienced management**

SPF, established in 2015, is promoted by Mr. S.S. Rao and family. He has an experience of over a decade in the packaging line.

Weaknesses

- **Small scale of operation**

The scale of operation is small with operating revenue of Rs.5.48 crore in FY2018 (Provisional) as against Rs.2.01 crore in FY2017.

- **Moderate Financial Risk Profile**

The average financial risk profile is marked by moderate net worth, moderate gearing and moderate debt protection metrics. The net worth improved to Rs.4.15 crore in FY2018 (Provisional) from Rs. 3.95 crore in FY2017 from mainly on account of capital infusion. The gearing stood at 1.87 times as on 31 March, 2017. The net cash accruals against total debt remained low at 0.04 times in FY2017.

- **Delays in servicing debt obligation**

SPL has been facing liquidity pressure on account of nascent stage of operations which has impeded its ability to meet the debt obligation in a timely manner. The account has been irregular for last 3 months on account of delay in debt servicing with regards to term loan interest and principal payments and hence the account has been classified as a SMA 1 by its bankers.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Sun Polyfilms to arrive at the rating.

About the Rated Entity - Key Financials

| | Unit | FY18 (Provisional) | FY17 (Actual) |
|-------------------------------|---------|--------------------|---------------|
| Operating Income | Rs. Cr. | 5.48 | 2.01 |
| EBITDA | Rs. Cr. | 1.40 | 0.30 |
| PAT | Rs. Cr. | -0.03 | 0.02 |
| EBITDA Margin | (%) | 25.59 | 14.73 |
| PAT Margin | (%) | -0.47 | 0.97 |
| ROCE | (%) | 5.78 | 0.99 |
| Total Debt/Tangible Net Worth | Times | 1.95 | 1.87 |
| PBDIT/Interest | Times | 2.00 | 8.67 |
| Total Debt/PBDIT | Times | 5.71 | 23.50 |
| Gross Current Assets (Days) | Days | 418 | 866 |

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|-----------------|
| Term loans I | Not Applicable | Not Applicable | Not Applicable | 4.20 | ACUITE D |
| Term loans II | Not Applicable | Not Applicable | Not Applicable | 3.30 | ACUITE D |
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 2.50 | ACUITE D |

Contacts

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About Acuité Ratings & Research:

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