

Press Release

Superior Malt Private Limited

October 22, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.50 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B-**' (read as **ACUITE B minus**) to the Rs. 8.50 crore bank facilities of Superior Malt Private Limited (SMPL). The outlook is '**Stable**'.

The Rajasthan based, SMPL was incorporated in 2008 by Mr. Sanjay Papriwal, Mr. Harish Jain and Mr. Rajkumar Jain. The company is engaged in manufacturing of barley malt which is used by breweries, distilleries and pharmaceutical industries. The company has installed capacity of 12000 MT per annum.

Analytical Approach

Acuité has considered standalone business and financial risk profile of the SMPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters of the company have experience of around a decade in malting business along with trading of grain and granite business. The long standing presence of the promoters has led to established relationships with customers and suppliers.

Weaknesses

- **Elongated working capital cycle**

The working capital cycle of the company is elongated as reflected in Gross Current Asset (GCA) of 306 days in FY2018 as compared to 209 days in FY2017. The company has inventory of 140 days and receivables of 151 days in FY2018 as compared to inventory of 80 days and receivable of 120 days respectively in FY2017. The company has to maintain high inventory as it is seasonal in nature and has to be maintained in bulk.

- **Below average financial risk profile**

The financial risk profile of the company is below average with net worth of Rs.3.32 crore as on March 31, 2018 as against Rs.3.24 crore as on March 31, 2017. The debt to equity ratio stood high at 3.04 times as on March 31, 2018 as against 2.44 times as on March 31, 2017. The interest coverage ratio stood moderate at 1.30 times as on March 31, 2018 as compared to 1.64 times as on March 31, 2017.

Outlook: Stable

Acuité believes that SMPL will maintain 'Stable' outlook over the medium term on account of experienced management and healthy relationship with customers. The outlook may be revised to 'Positive' in case of efficient management of working capital cycle and improvement in liquidity profile. Conversely, the outlook may be revised to 'Negative' in case of decline in operations to below expected level or further deterioration in financial risk profile or working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	13.54	16.69	14.02
EBITDA	Rs. Cr.	1.21	1.42	1.51
PAT	Rs. Cr.	0.08	0.25	0.10
EBITDA Margin	(%)	8.95	8.52	10.80
PAT Margin	(%)	0.57	1.52	0.74
ROCE	(%)	9.93	26.33	18.41
Total Debt/Tangible Net Worth	Times	3.04	2.44	3.80
PBDIT/Interest	Times	1.30	1.64	1.48
Total Debt/PBDIT	Times	6.92	4.48	6.52
Gross Current Assets (Days)	Days	306	209	326

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

None

Any other information

Not Applicable

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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	3.41	ACUITE B- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.09	ACUITE B- / Stable

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About Acuité Ratings & Research:

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