



**Press Release**  
**Sunita Impex Private Limited**  
**May 15, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.05	ACUITE B-   Stable   Reaffirmed	-
Bank Loan Ratings	9.98	-	ACUITE A4   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	11.03	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating to '**ACUITE B-**' (read as **ACUITE B minus**) and reaffirmed the short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 11.03 crore bank facilities of Sunita Impex Private Limited (SIPL). The outlook remains '**stable**'

**Rationale for Rating**

The rating reaffirmation reflects the benefits derived from the long operational track record and experienced management. The company's revenue increased to Rs 18.48 Cr. in FY2023 as against Rs 16.08 Cr. in FY2022. Further, the company has achieved revenues of around Rs.18.85 Cr. till FY2024 (Provisional). The operating margin of the company stood at (3.05) per cent in FY2023 from (16.74) per cent in FY2022. However, the rating is constrained by below average financial risk profile marked by declining net worth, high gearing and moderate debt protection metrics. The company has high working capital requirements as evident from gross current assets (GCA) of 299 days for FY2023 and 275 days for the FY2022. The company has stretched liquidity marked by net cash accruals of Rs. (0.88) Cr. as on FY2023 as against debt obligation of Rs. 0.54 Cr. over the same period. The debt repayments are being serviced out of unsecured loans being brought in the business.

**About the Company**

Sunita Impex Private Limited was established as a partnership firm with the name 'M/s Sunita Textile & Engineer' in 1974 by the Sonika family of Kolkata, West Bengal. The firm was converted to a private limited company in June, 1991 with its current name. Since its inception, Sunita Impex Private Limited has been engaged in manufacturing and export of readymade garments and trading of engineering goods. The company has a plant situated at Bangalore operating at an installed capacity of 1 million pieces per annum. The readymade garments and engineering goods are sold to countries including France, Bangladesh, Ivory Coast and Ethiopia.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and risk profile of SIPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

Long operational track record and experienced management

Sunita Impex Private Limited (SIPL) has been in the garment industry and trading of engineering goods for about five decades since 1974. Acuité believes that the long track record of operations will benefit the company going forward, resulting in steady growth in the scale of operations. Further, the key promoter of the company Mr. Sushil Kumar Sonika and Mr. Sunil Sonika have over four decades of experience in a similar line of operation. Acuité derives comfort from the long term experience of the promoters.

## **Weaknesses**

### **Below average financial risk profile**

The company's financial risk profile is below average marked by declining net worth, high gearing and moderate debt protection metrics. The tangible net worth of the company stood at Rs. 2.24 Cr. as on FY2023 as compared to Rs.3.37 Cr. as on FY2022 due to losses during the year which eroded the capital. The gearing of the company stood high at 6.81 times as on FY2023. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) has increased and stood at 8.18 times as on FY2023. The debt protection metrics of the company remain constrained marked by Interest coverage ratio (ICR) of (0.05) times and debt service coverage ratio (DSCR) of 0.18 times for FY2023. The net cash accruals to total debt (NCA/TD) stood at (0.06) times in FY2023. Going forward, Acuité believes that the financial risk profile will remain below average over the medium term.

### **Working capital intensive nature of operations**

SPIL has high working capital requirements as evident from gross current assets (GCA) of 299 days for FY2023 and 275 days for the FY2022. Debtor days increased to 141 days in FY2023 as against 114 days in FY2022. Inventory days increased to 78 days in FY2023 as against 56 days in FY2022. Creditor days of the company stood at 113 days as on FY2023 as compared to 66 days of FY2022.

Acuité believes that the working capital operations of the company will remain at the similar levels over the medium term.

## **Rating Sensitivities**

- Improvement in revenue growth and margins.
- Improvement in working capital cycle

## **Liquidity Position**

### **Stretched**

The company has stretched liquidity marked by net cash accruals of Rs. (0.88) Cr. as on FY2023 as against debt obligation of Rs. 0.54 Cr. over the same period. The management has brought in unsecured loans in business to cover its debt. The cash and bank balance stood at Rs. 0.30 Cr. for FY 2023. Further, the current ratio of the company stood at 1.20 times in FY2023. The working capital cycle of the company is marked by Gross Current Assets (GCA) of 299 days for FY2023 and 275 days FY2022. The bank limit of the company has been ~ 96.00 percent utilized for the last six months ended in April 2024.

Acuité believes that the liquidity of the company is likely to remain stretched over the medium term.

## **Outlook: Stable**

Acuité believes the company's outlook will remain 'stable' over the medium term on account of vast experience of the promoters and long track record. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the company's financial risk profile and liquidity position or further elongation in its working capital cycle.

## **Other Factors affecting Rating**

None



## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	18.48	16.08
PAT	Rs. Cr.	(1.13)	(2.48)
PAT Margin	(%)	(6.13)	(15.39)
Total Debt/Tangible Net Worth	Times	6.81	3.49
PBDIT/Interest	Times	(0.05)	(3.54)

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Feb 2023	PC/PCFC	Short Term	1.50	ACUITE A4 (Reaffirmed)
	PC/PCFC	Short Term	1.50	ACUITE A4 (Reaffirmed)
	Bills Discounting	Short Term	4.00	ACUITE A4 (Reaffirmed)
	Bills Discounting	Short Term	2.20	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A4 (Reaffirmed)
	Term Loan	Long Term	0.08	ACUITE B-   Stable (Downgraded from ACUITE B   Stable)
19 Jan 2022	Term Loan	Long Term	0.08	ACUITE B   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.75	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Reaffirmed)
	PC/PCFC	Short Term	1.50	ACUITE A4 (Reaffirmed)
	PC/PCFC	Short Term	1.50	ACUITE A4 (Reaffirmed)
	Bills Discounting	Short Term	4.00	ACUITE A4 (Reaffirmed)
	Bills Discounting	Short Term	2.20	ACUITE A4 (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	ACUITE A4   Reaffirmed
Canara Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE A4   Reaffirmed
Canara Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.20	ACUITE A4   Reaffirmed
Canara Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.50	ACUITE A4   Reaffirmed
Canara Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.50	ACUITE A4   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.28	ACUITE A4   Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	27 Nov 2023	Simple	1.05	ACUITE B-   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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