



Press Release
SUNGOLD PROCESSED FOODS
April 03, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.30	ACUITE BB Stable Reaffirmed	-
Bank Loan Ratings	32.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	33.30	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BB**' (read as **ACUITE Double B**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 33.30 crore bank facilities of Sungold Processed Foods (SPF). The outlook is '**Stable**'.

Reasons for rating Reaffirmation

The rating reaffirmation is on account of moderation in operating performance albeit improvement in profitability margins. The rating also factors the experienced management, established track record of operations and moderate financial risk profile of the firm. However, the rating is constrained by working capital intensive nature of operations and exposure to foreign exchange fluctuations and seasonal nature of business.

About the Company

Established in 2002, Andhra Pradesh based Sungold Processed Foods (SPF) is a partnership firm engaged in processing & exporting of mango pulp. The processing facility is located at Bangarupalyam in Chittoor, Andhra Pradesh, with an installed capacity of 10000 MT per annum. The firm is also engaged in processing of papaya and Guava on a job work basis. The operations of the firm are managed by its partners Mr. Abhishek Sashidharan and Ms. Geeta Sashidharan.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone business & financial risk profiles of Sungold Processed Foods (SPF) to arrive at the ratings.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

SPF started operations in 2002. The firm is engaged in processing and exporting of mango pulp. The partners, Mr. Abhishek Sashidharan and Ms. Geeta Sashidharan have over a decade of experience in the industry. The extensive experience of the partners has helped the firm in maintaining good business relations with clients, the majority of whom have been associated with the firm for more than a decade. SPF exports around 95 percent of its total sales primarily in the markets of Saudi Arabia, Switzerland, Kuwait, Germany etc. Acuité believes that SPF will continue to benefit from the experience of its partners and established track record of operations in maintaining their business risk profile over the near to medium term.

Moderation in operating performance albeit improvement in profitability margins

The operating income of the firm declined to Rs.55.16 Cr. in FY2024 as against Rs.66.38 Cr. in FY2023. The firm has achieved the revenues of Rs. 62.26 Cr. in 11MFY2025. The operating margins stood at 19.03 percent in FY2024 as against 12.51 percent in FY2023. The PAT margin of the firm stood at 10.01 percent in FY2024 as against 8.20 percent in FY2023. Acuite believes the operating performance of the firm would improve steadily on the back of repeat orders.

Moderate Financial Risk Profile

SPF has moderate financial risk profile marked by low net worth, moderate gearing and moderate debt protection metrics. The net worth stood at Rs.18.03 Cr. in FY2024 as against Rs. 9.30 Cr. in FY2022. The firm's overall gearing stood at 1.32 times as on March 31, 2024 as against 1.07 times as on March 31, 2023. The TOL/TNW stood at 1.87 times as on March 31, 2024 as against 2.65 times as on March 31, 2023. The ICR stood at 3.12 times in FY2024 as against 5.35 times in FY2023. The debt service coverage ratio stood at 2.03 times in FY2024 as against 3.21 times in FY2023. The NCA/TD stood at 0.31 times in FY2024 as against 0.70 times in FY2023. Acuite expects the firm's financial risk profile to remain moderate over the medium term in the absence of any major debt-funded capex plan.

Weaknesses

Working Capital intensive operations

The firm's operations are working capital intensive in nature. The GCA days deteriorated and stood high at 263 days as on March 31, 2024, as against 134 days as on March 31, 2023. The inventory days stood at 141 days as on March 31, 2024, as against 9 days as on March 31, 2023 due to seasonal nature of business. The debtor days stood high at 136 days as on March 31, 2024, as against 109 days as on March 31, 2023. The company provides credit period in the range of 30 to 90 days to its customers. The creditor days stood at 117 days as on March 31, 2024 as against 125 days as on March 31, 2023. The company procures the raw materials from farmers and other suppliers. The fund-based limit utilisation of SPF stood at 83.90 percent over the last eleven months ended February, 2024. Acuite believes the working capital operations of the firm will continue intensive due to nature of operations.

Exposed to foreign exchange fluctuations and seasonal nature of business

SPF's more than 90 per cent of sales is through exports to Saudi Arabia, Switzerland, Yemen, Germany, Kuwait, etc., thus being exposed to fluctuations in foreign currency. The firm does not hedge its foreign risk exposures. On the other hand, operating in a seasonal industry, the raw materials are prone to price fluctuations. Moreover, the firm also remains vulnerable to agroclimatic risks since it deals with mangoes. Being seasonal, the prices of fruit pulp are vulnerable to the idiosyncrasies of nature. Hence, the ability of SPF to protect its profitability and profit margins in case of any adverse or sharp fluctuations in the exchange rates or mango prices, shall be a key monitorable.

Rating Sensitivities

- Sustained improvement in scale of operations while maintaining profitability margins.
- Improvement in working capital management.
- Deterioration in financial risk profile and liquidity position.

Liquidity Position

Adequate

The firm has an adequate cash accruals against its debt obligations. It has generated NCA of Rs.7.26 Cr. in FY2024 against its debt obligation of Rs.1.85 Cr. during the same period. Going forward, the net cash accruals are expected to remain in the range of Rs.7.26 – 8.89 Cr. in FY24-25 as against maturing debt obligations of Rs.2.03- 1.14 Cr. The unencumbered cash and bank balance stood at Rs.2.40 Cr. as on March 31, 2024 as against Rs. 2.24 Cr. As on March 31, 2023. The current ratio of the company stood at 1.42 times as on March 31, 2024 as against 1.25 times as on March 31, 2023. The fund-based limit utilisation of SPF stood moderate at 83.90 percent over the last eleven months ended February, 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	55.16	66.38
PAT	Rs. Cr.	5.52	5.44
PAT Margin	(%)	10.01	8.20
Total Debt/Tangible Net Worth	Times	1.32	1.07
PBDIT/Interest	Times	3.12	5.35

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Jan 2024	PC/PCFC	Short Term	24.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	8.00	ACUITE A4+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.30	ACUITE BB Stable (Reaffirmed)
07 Oct 2022	Letter of Credit	Short Term	7.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	1.00	ACUITE A4+ (Assigned)
	PC/PCFC	Short Term	21.31	ACUITE A4+ (Reaffirmed)
	PC/PCFC	Short Term	2.69	ACUITE A4+ (Assigned)
	Term Loan	Long Term	1.30	ACUITE BB Stable (Upgraded from ACUITE BB- Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE A4+ Reaffirmed
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A4+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.30	Simple	ACUITE BB Stable Reaffirmed

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About Acuité Ratings & Research

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