



Press Release
SAI SMARAN FOODS PRIVATE LIMITED
January 16, 2025
Rating Assigned, Downgraded and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	32.00	ACUITE BB Stable Assigned	-
Bank Loan Ratings	64.75	ACUITE BB Stable Downgraded	-
Bank Loan Ratings	0.25	-	Not Applicable Withdrawn
Total Outstanding Quantum (Rs. Cr)	96.75	-	-
Total Withdrawn Quantum (Rs. Cr)	0.25	-	-

Rating Rationale

Acuite has downgraded its long-term rating to ‘**ACUITE BB**’ (read as **ACUITE double Bf**) from ‘**ACUITE BB+**’ (read as **ACUITE double B plus**) on the Rs.64.75 Cr. bank facilities of Sai Smaran Foods Private Limited (SSFPL). The outlook is ‘**Stable**’.

Acuite has assigned its long-term rating of ‘**ACUITE BB**’ (read as **ACUITE double Bo**) on the Rs.32.00 Cr. bank facilities of Sai Smaran Foods Private Limited (SSFPL). The outlook is ‘**Stable**’.

Acuite has also withdrawn its rating of Rs 0.25 Cr. short term bank facility without assigning any rating as the instrument is fully repaid of Sai Smaran Foods Private Limited (SSFPL). The rating withdrawal is in accordance with Acuite’s policy on withdrawal of ratings as applicable to the respective instruments/facility. The rating is being withdrawn on account of request received from the company and No Due Certificate (NDC) received from the banker.

Rationale for Rating Downgrade

The rating downgrade and migration of rating from ‘Issuer non-cooperating’ considers deterioration in the profitability margins albeit improvement in the operating income in FY2024. Further, the rating considers improvement in the working capital operations, however it is offset by high reliance of the company on working capital limits as evident from high bank limit utilization of ~98.18% for the last 12 months ending November 2024. Further, the rating also considers moderation recorded in SSFPL’s financial risk profile primarily on account of increased short-term debt and subdued profitability. Further, SSFPL’s operating and financial performance is expected to remain subdued in the near term.

Going ahead, SSFPL’s ability to improve its overall operating performance, financial risk profile, and liquidity position while avoiding any further elongations in the working capital operations will remain a key monitorable.

About the Company

Sai Smaran Foods Private Limited was originally incorporated in May 1993 in the name of Sai Smaran Oil Refinery Private Limited. The company is engaged in extraction of refined oil, de-oiled cake, extruded meal and lecithin from soyabean and has three divisions, i.e. solvent plant, refinery plant and extruded plant. The company

sells its product under the brand name under “Anmol”. Directors of the Company are Mr Naresh Dulichand Goenka and Mr. Rishabh Naresh Goenka. During the Year 2019-2020 the company has converted from public limited to private limited company. Company is also doing exports. Company is also having branches in Rajasthan, Madhya Pradesh and Gujarat.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of SSFPL to arrive at the rating.

Key Rating Drivers

Strengths

Extensive experience of promoters in the industry along with established track record of operations

SSFPL was incorporated in 1993 and has been in operations since 1995. The company is promoted by Mr. Naresh Goenka, who takes care of the day-to-day operations. Mr. Goenka is supported by his son and daughter in law, who are also directors in the company. The promoters have over two decades of experience in the industry. The company has a long track record of operations and established presence in the industry. SSFPL, under the leadership of its promoter has maintained long-standing relations with some its customers and suppliers. The revenue of the company improved to Rs.601.42 Cr. in FY2024 against Rs.425.24 Cr. in FY2023. Further, the revenue of the company for 9MFY2025 stood at Rs.297.00 Cr. However, the operating profitability and PAT margin declined in FY2024 as compared to FY2023. The operating profit margin declined to 1.45 per cent in FY2024 compared against 2.18 per cent in FY2023. The PAT margin of the company declined to 0.01 percent in FY2024 compared to 0.85 percent in FY2023.

Going ahead, extensive experience of the promoters is expected to help the company improve its overall operating performance over the medium term.

Moderate Nature of Working Capital Operations

SSFPL is having a moderate working capital operations marked by improved Gross Current Asset (GCA) days in FY2024 to 97 days as against 125 days as on March 31, 2023. The inventory days stood at 62 days in FY2024 as compared against 73 days in FY2023. The debtor days stood at 20 days in FY2024 as compared against 30 days in FY2023. The creditor days stood at 5 days in FY2024 as against 6 days in FY2023. However, the average utilization of the bank limits of the company stood high at ~98.18% for the last 12 months ending November 2024.

Acuité believes that the ability of the company to efficiently manage its working capital requirements will remain a key rating sensitivity.

Weaknesses

Moderate Financial Risk Profile

The financial risk profile of the company is moderated in FY2024 on account of increased short term debt levels and subdued profitability. The total debt of the company increased to Rs.113.61 Cr. as on March 31, 2024 as against Rs.99.37 Cr. as on March 31, 2023. The tangible net worth of the company stood at Rs.61.02 Cr. as on 31 March 2024 as against Rs.60.98 Cr. as on 31 March 2023. The gearing level of the company stood at 1.86 times as on 31 March 2024 as against 1.63 times as on 31 March 2023. Interest Coverage Ratio (ICR) deteriorated at 1.14 times for FY2024 against 1.93 times for FY2023. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 2.05 times as of March 31, 2024, as against 1.86 times as of March 31, 2023. The Debt/EBITDA levels increased to 9.63 times as of March 31, 2024, as against 7.87 times as of March 31, 2023.

Going ahead, the financial risk profile is expected to marginally improve, however remain moderate in the near term.

Susceptibility to fluctuations in agro-based raw material price

Operations are exposed to the inherent risks associated with the agriculture-based commodity business, such as availability of raw materials, fluctuations in prices, and changes in government regulations. The group is engaged in the extracting and refining of edible oil. The prices of crude edible oil are volatile in nature hence the profitability is highly susceptible to the ability of the company to pass on the same to its customers. Further, the demand supply of soya bean oil and de-oiled cake (DOC) is affected by change in regulations in exporting and importing countries.

Rating Sensitivities

- Ability to improve profitability while maintaining its scale of operations leading to improvement in the financial risk profile.
- Elongations in working capital and deterioration in liquidity position

Liquidity Position

Stretched

SSFPL has a stretched liquidity position marked by high reliance of the company on working capital limits. The bank limit utilization of the company stood at ~98.18% for the last 12 months ending November 2024. Further, the company generated modest net cash accruals of Rs.1.39 Cr. in FY2024 against no maturing debt obligations. The company maintains unencumbered cash and bank balances of Rs.0.03 Cr. as on March 31, 2024. The current ratio stood at 1.34 times as on March 31, 2024.

Going ahead, the ability of the company to improve its liquidity position will remain a key monitorable.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	601.42	425.24
PAT	Rs. Cr.	0.05	3.61
PAT Margin	(%)	0.01	0.85
Total Debt/Tangible Net Worth	Times	1.86	1.63
PBDIT/Interest	Times	1.14	1.93

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>
- 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. Acuité'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
19 Mar 2024	Bank Guarantee (BLR)	Short Term	0.25	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Cash Credit	Long Term	60.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
	Proposed Long Term Bank Facility	Long Term	4.75	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative)
23 Dec 2022	Bank Guarantee (BLR)	Short Term	0.25	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	60.00	ACUITE BBB- Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.75	ACUITE BBB- Negative (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.25	Simple	Not Applicable Withdrawn
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE BB Stable Downgraded (from ACUITE BB+)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.75	Simple	ACUITE BB Stable Downgraded (from ACUITE BB+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB Stable Assigned

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Sanidhya Jain Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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