



**Press Release**  
**Suraj Impex India Private Limited**  
**December 13, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	182.80	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	67.20	-	ACUITE A3   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	250.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B Minus**) and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.250.00 Cr bank facilities of Suraj Impex India Private Limited (SIPL). The outlook is '**Stable**'.

**Rationale for Rating Reaffirmation**

The rating reaffirmation takes into consideration moderation in operating and financial performance of the company. The revenue declined from exceptional high levels of Rs.1758.93 Cr in FY2022 to Rs.676.37 Cr in FY2023 and Rs.747.11 Cr in FY2021. In FY2022 on account of increase in demand for soyabean meal the government allowed imports of soyabean meal. The company as a result imported soyabean meal and sold in the domestic markets, resulting in exceptional increase in revenue. The absolute profitability in turn declined although recorded improvement in margins. In 8MFY2024, company has achieved revenue of Rs.778.85 Cr. Despite moderation, the financial risk profile continues to remain moderate in nature with gearing level of 1.04 times in FY2023 against 0.53 in the previous fiscal year.. The debt protection metrics moderated due to decline in absolute profitability, however remained at adequate levels.

The working capital operations are intensive in nature led by high inventory holding period and sizeable other current assets. Accordingly, the reliance on working capital limits remained moderately high at 85% for last 7 months ending October 2023.

Liquidity position continues to be adequate with sufficient cash accrual generation to its maturing debt repayment obligations.

The rating, however, remains constrained due to volatility in demand and prices of agricultural products and changing Government policies.

**About the Company**

Incorporated In 1997 the Indore based company engaged in merchant export and domestic supply of agri-commodities mainly Soybean Meal, Indian Yellow Maize, Sunflower Extraction, Rapeseed Meal, Groundnut Meal and other Oil Meals in Containers, in Bulk or in Jute / PP Bags. The company is promoted and managed by Vinod Kumar Jain. SIPL has five warehouses across Tamil Nadu with aggregate surface area of 1,50,000 square feet. Additionally, in FY2016 the company set up a solar plant of 2 Megawatt near Telangana. The company has entered into PPA for 25 years with Telangana Electricity Board.

**Unsupported Rating**

Not Applicable



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

## Key Rating Drivers

### Strengths

#### Experience of promoters and established track record of operations:

SIPL was incorporated in 1997. The company is promoted and managed by Vinod Kumar Jain. Vinod Kumar Jain has an experience of 35 years in the agro industry.

The company deals in multiple products including Indian yellow maize, Soya bean meal, Wheat, Sunflower extraction etc. However, revenue is mainly derived by sale of Indian yellow maize (36.29 percent), Soya bean meal (29.11 percent) and Wheat (20.67 percent) in FY2023. Acuite believes the company shall benefit due to its established clientele and promoter experience over the medium term.

#### Moderate financial risk profile:

The financial risk profile of the company is moderate marked by moderate net-worth, gearing levels and adequate coverage indicators. The net worth of the company stood at Rs. 222.43 Cr as on March 31, 2023 against Rs.187.86 Cr in the previous year. The increase in net worth is attributable to healthy accretion to reserves. The company earned an aggregate profit after tax of Rs. 34.56 Cr in FY2023 against Rs. 92.07 Cr in FY2022.

The total debt of the company increased considerably in FY2023 and stood at Rs.231.43 Cr as on March 31, 2023 against Rs.100.41 Cr as on March 31, 2022. The increase in debt is led by increased working capital borrowings which stood at Rs.204.15 Cr in FY2023 against Rs.64.45 Cr in the previous year.

The gearing levels stood at 1.04 times in FY2023 against 0.53 times in the previous year.

Further due to decline in absolute profitability, the debt protection metrics recorded a significant moderation, however remained at adequate levels. The ICR and DSCR declined to 3.62 times and 1.98 times in FY2023 against 11.75 times and 7.11 times in FY2022 respectively. Debt-EBITDA ratio moderated to 3.53 times in FY2023 against 0.75 times in FY2022.

Going ahead, financial risk profile is expected to remain at moderate levels in absence of no major debt funded capital expenditure and expected healthy cash accruals generation.

### Weaknesses

#### Working Capital Intensive Operations

The working capital operations are intensive in nature with GCA days of 208 days in FY2023 against 58 days in FY2022. The high GCA days are led by high inventory holding period and sizeable other current assets of Rs.130.06 Cr mainly comprising of intercorporate advances, advances to suppliers and balances with government authorities. Out of the total advances made to group companies of Rs.66.07 Cr as on March 31, 2023, Rs. 49.82 Cr have been received back and balance Rs.16.25 Cr stands is expected to be received by end of January 2024. The advances made were interest bearing in nature.

The inventory holding period stood at 149 days in FY2023 against 58 days in FY2022. Debtor days stood at 2 days in FY2023 against 1 day in FY2022. The average bank limit utilisation for the last 7 months stood at 85%.

#### Susceptible to volatility in agriculture commodity prices and change in Government policies:

The prices of commodities are linked to agricultural production, which, in turn, is susceptible to monsoon, acreage, and yield. Also, agricultural commodities are highly regulated by the government on the basis of domestic demand and inflationary conditions. In FY2022, company was able to achieve exceptionally high revenue due to the changes in government policy coupled with demand-supply situation in the market and again in FY2023, the revenue moderated to normal levels. Thus, these factors directly affect the revenue and profitability of the company.

### Rating Sensitivities

- Sustained improvement in revenue while maintaining profitability.
- Deterioration in the financial risk profile due to reduction in revenue and profitability and overall stretch in working capital cycle days.

### **All Covenants**

Not Applicable

### **Liquidity Position**

#### **Adequate**

The net cash accruals of the company stood at Rs.35.60 Cr against debt repayment obligation of Rs.9.06 Cr in FY2023. Going forward, the net cash accruals are expected to be in the range of 50.33-73.63 Cr through FY2023-25 against repayment obligations of Rs. 10.05 Cr. The working capital operations of the company are intensive in nature with high GCA days of 208 days in FY2023. The reliance on working capital limits is moderately high at 85% utilisation levels for last 7 months ending October 2023. The company has cash and bank balance of ~Rs.0.28 Cr and current ratio of 1.67 times as on March 31, 2023.

### **Outlook:Stable**

Acuité believes that SIPL will maintain a 'Stable' outlook over the medium term supported by experienced promoters and established clientele and moderate financial risk profile. The outlook may be revised to 'Positive' in case the company registers higher than expected growth in revenues while maintaining profitability, conserving capital structure and avoiding significant stretch working capital operations. Conversely, the outlook may be revised to 'Negative' in case of lower-than expected revenues and profit margins, leading to deterioration in financial risk profile and/or deterioration in working capital operations.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	676.37	1758.93
PAT	Rs. Cr.	34.56	91.06
PAT Margin	(%)	5.11	5.18
Total Debt/Tangible Net Worth	Times	1.04	0.53
PBDIT/Interest	Times	3.62	11.75

### 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>
- Trading Entitie: <https://www.acuite.in/view-rating-criteria-61.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, 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
14 Sep 2022	Covid Emergency Line	Long Term	17.73	ACUITE BBB-   Stable (Assigned)
	Working Capital Demand Loan	Long Term	24.57	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	115.85	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	16.38	ACUITE BBB-   Stable (Assigned)
	Covid Emergency Line	Long Term	9.82	ACUITE BBB-   Stable (Assigned)
	Packing Credit	Short Term	60.00	ACUITE A3 (Assigned)
	Covid Emergency Line	Long Term	5.65	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	115.85	ACUITE BBB-   Stable   Reaffirmed
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	16.38	ACUITE BBB-   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	12.60	ACUITE BBB-   Stable   Reaffirmed
Union Bank of India	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	6.99	ACUITE BBB-   Stable   Reaffirmed
Bank of Baroda	Not Applicable	Covid Emergency Line.	Not Applicable	Not Applicable	Not Applicable	Simple	4.18	ACUITE BBB-   Stable   Reaffirmed
Union Bank of India	Not Applicable	PC/PCFC	Not Applicable	Not Applicable	Not Applicable	Simple	67.20	ACUITE A3   Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	2.23	ACUITE BBB-   Stable   Reaffirmed
Bank of Baroda	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	24.57	ACUITE BBB-   Stable   Reaffirmed

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Pradeep Singh Senior Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:pradeep.singh@acuite.in">pradeep.singh@acuite.in</a>	

### 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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