Press Release
SHRI DUTT INDIA PRIVATE LIMITED
September 17, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1320.72	ACUITE A- | Stable | Assigned	-
Bank Loan Ratings	20.00	-	ACUITE A2+ | Assigned
Total Outstanding Quantum (Rs. Cr)	1340.72	-	-

Rating Rationale

Acuité has assigned its long-term rating of **'ACUITE A-' (read as ACUITE A minus)** and short term rating of **'ACUITE A2+ ' (read as ACUITE A two plus)** on the Rs. 1340.72 crore bank facilities of Shri Dutt India Private Limited (SDIPL). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned factors in the established track record of the operations for the group over the years along with the extensive experience of the management in the sugar industry. The director of the group Ms. Priti Premji Ruparel have around 36 years of experience in the sugar industry. Further, the rating also considers the healthy financial risk profile of the group marked with the net worth of Rs.970.00 crore and gearing of 1.52 times as on March 31, 2024(Prov.). The rating also factors in the recent acquisition which are done by the group to increase the capacity for the group, which will help them to achieve higher sales going ahead. Further, the rating also factors in the moderate working capital operations of the group marked by the GCA days of 142 days in FY24(Prov.). However, these strengths are offset by low operating margins for the group on account of higher income from the trading activity. Further, the group also faces risk related to profitability for sugar mills which remains vulnerable to industry cyclicality and agroclimatic risks.

About the Company

Shri Dutt India Private Limited (SDIPL), is a company registered in Kolkata, West Bengal. It is engaged in manufacturing, trading and export of sugar, refining of sugar, production of ethanol and electricity and manufacturing and processing of milk and other dairy products. It was incorporated in 2012 by Mr. Premji Ruparel who is the founder of Shri Dutt Group. Ms. Priti

Premji Ruparel, Mr. Jeetendra Jaykumar Dharu Gujar and Mr. Karan Jitendra Ruparel are the directors of the company.

About the Group

Shri Dutt DMCC was incorporated in Dubai, UAE on 01st May, 2023. It is a wholly owned subsidiary of Shri Dutt India Private Limited. The Company is into the business of Sugar Trading, Dairy Products Trading, Spices Trading, Bread & Bakery Products Trading, Confectionery & Chocolate Trading and Petrochemicals Trading as per the Trading License.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the standalone business and financial risk profiles of Shri Dutt India Private Limited (SDIPL) and Shri Dutt DMCC, together referred to as the 'Shri Dutt Group' (SDG). The consolidation is in view of being wholly owned subsidiary of the company.

Key Rating Drivers

Strengths

Established track record of operation along with experienced management

The group 'Shri Dutt' is engaged in manufacturing, trading and export of sugar, refining of sugar, production of ethanol and electricity and manufacturing and processing of milk and other dairy products. The Group till FY23 was majorly operating on two sugar units located in Maharashtra. In FY24(PROV.), the group has acquired a stressed sugar unit from NCLT which has led to increase in sugar revenue for the group. Further it is also in advance stage to acquire another sugar unit from NCLT in current financial year. This will lead to total crushing capacity of the sugar for the group at 23,500 TCD. Along with this, the group will have total ethanol distillery 450 KLPD. It also has refinery and co-gen unit along with this. The company also has a dairy brand named 'Dilicia' under which it sells its milk and all milk related products. The current directors of the company are Ms. Priti Premji Ruparel, Mr. Jeetendra Jaykumar Dharu Gujar and Mr. Karan Jitendra Ruparel. Directors of the company have an extensive experience of more than 36 years in the sugar industry. This is also reflected in their high scale of operations. The group marked a revenue of Rs.6208.02 crore in FY24(Prov.) as against Rs.10095.43 crore in FY23, the decline in revenue was strictly on account of ban in export of sugar by GoI in FY24(Prov.).
Acuite believes that scale of operations of SDG may increase significantly in near to medium term backed by huge demand and additional capacity coming into operation for the company to support such demand.

Moderate Financial risk profile

The financial risk profile of the group remained moderate marked by a healthy net worth, moderate gearing, and moderate debt protection metrics. The net worth stood healthy at Rs. 970.00 Cr. as on March 31, 2024(Prov.) as against Rs. 734.29 Cr. as on March 31, 2023. The increase in net-worth is on account of accretion of profits to reserve and gain on account of business combination. The gearing stood at 1.52 times as on March 31, 2024(Prov.) as against 1.29 times as on March 31, 2023. The debt protection metrics stood moderate with DSCR and Interest coverage ratio standing at 2.02 times and 3.48 times respectively as on 31st March 2024(Prov.).
Acuite expects the financial risk profile of the group to further improve on account of addition of revenue from distillery and new sugar unit for the group.

Moderate working capital cycle

The working capital operations of the company remains moderate as evident from the moderate GCA days of 142 days in FY24(Prov.). The GCA days are comprised of inventory and other current assets consisting majorly of advances given to vendors and balances with government authorities. The inventory days for the group stood at 97 days in FY24(Prov.) as against 14 days in FY23, this higher inventory was on account of restrictions imposed by the Government on export sale of sugar. The debtor's days for the group stood at 19 days in FY24(Prov.) as against 21 days in FY23. The products are generally sold to its customers either on advance or cash basis. Further, the creditors days for the group increased to 63 days in FY24(Prov.) as against 18 days in FY23. It repays its suppliers within a period of 45-60 days. Hence, the working capital cycle increased to 52 days in FY 2024 which led to average bank limit utilization stand at 77 percent in for last 12 months ended July 2024.
Acuite believes that working capital operations of the group is likely to remain moderate

considering the seasonal nature of industry wherein raw material need to be maintained for an off-season production.

Weaknesses

Lower operating margins

The operating margin of the group stood low at 4.24 percent in FY24(Prov.) as against 3.32 percent in FY23. Till FY23, the group had major income from trading of sugar which has a low margins. However in FY24 the margins had increased on account of better revenue mix by the group. The group has signiifcantly improved the revenue from manufacturing activity led by the recent acquisition of sugar plant from NCLT which increased sugarcane crushing capacity for the group. The company in the current year has acquired an another stressed unit from NCLT leading to further increase in sugarcane crushing for the group. This acquisition will be funded by internal accruals as well as term loan from banks. Further, the sugar companies in India are crurently banned from exports for meeting the domestic requirement and to meet the ethanol blending target as set by the GoI.
Acuite believes, going ahead on account of increased sugarcane crushing and higher ethanol production the margins for the group are expected to improve.

Agroclimatic risks and susceptibility of profitability margins to government regulations

Being an agro commodity, the sugar cane crop is dependent on climatic conditions and is vulnerable to pests and diseases that may not only impact the yield per hectare but also the recovery rate. These factors can have a significant impact on the company's profitability. In addition, the cyclicality in sugar production results in volatility in sugar prices. However, the sharp contraction in the sugar prices is curtailed after the introduction of MSP by the Central Government in June 2018.
Over the long term, higher ethanol production with increased diversion towards B-heavy molasses and direct sugar juice is expected to help curtail the excess supply of sugar, resulting in lower volatility in sugar prices and in turn, cash flows from the sugar business. Further, the sugar industry is highly competitive and fragmented marked by presence of many organised and unorganised players in this industry, thus putting pressure on the profitability margins of the company.
Further, the government has currently removed the capping to produce ethanol from sugarcane juice and syrup but there always remain a risk that government may again impose curbs on production of ethanol from sugarcane juice and syrups, impacting the overall business profile for the group.

Rating Sensitivities

- Ability to achieve significant improvement in the scale of operations and profitability margins.
- Any substantial increase in the debt levels of the company, other than planned disbursement for the NCLT acquisition, leading to deterioration in the financial risk profile or liquidity of the company.
- Timely completion of the NCLT acquisition, leading to higher income from manufacturing of sugar.

Liquidity Position

Adequate

The Group generated sufficient net cash accruals of Rs. 131.68 crore in FY 2024 against which the repayment obligation which stood at RS. 25.24 crore in the same period, thereby leaving surplus balance for its operational purpose. Further the group is estimated to generate a cashflow of around Rs.241 to Rs.290 crore in FY25 and FY26 as against the repayment obligations of around Rs.50 to Rs.64 crore during the same period. The Company had free cash and bank balance amounting to Rs. 166.15 Cr. as on 31st March 2024 indicating an adequate liquidity position of the Company. It further had current investments amounting to Rs 5.34 Cr. in form of Mutual funds as on 31st March 2024. The average bank limit utilization for last 12 months ended July 2024 stood at 77%.

Outlook : Stable

Acuité believes the outlook on SDG will continue remain 'Stable' over the medium term on the back of established track record and extensive promoter's experience in the sugar industry and a moderate financial risk profile. The outlook may be revised to 'Positive' if the company is able to efficiently utilize its installed capacity of sugar plants, which will significantly improve its scale of operations and the profitability margins. Conversely, the outlook may be revised to 'Negative' in case of a sharp decline in accruals, a decline in profitability margin or deterioration in debt protection metrics for the group.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	6208.02	10095.43
PAT	Rs. Cr.	84.24	192.97
PAT Margin	(%)	1.36	1.91
Total Debt/Tangible Net Worth	Times	1.52	1.29
PBDIT/Interest	Times	3.48	7.32

Status of non-cooperation with previous CRA (if applicable)
None

Any Other Information
None

Applicable Criteria
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
• Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
• Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.htm
• Rating Process and Timeline: https://www.acuite.in/view-rating-criteria-67.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 :
Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A2+ | Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	110.00	ACUITE A- | Stable | Assigned
Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	60.00	ACUITE A- | Stable | Assigned
HDFC Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	150.00	ACUITE A- | Stable | Assigned
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	200.00	ACUITE A- | Stable | Assigned
Axis Bank	Not avl. / Not appl.	Pledge Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE A- | Stable | Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Pledge Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	145.00	ACUITE A- | Stable | Assigned
State Bank of India	Not avl. / Not appl.	Pledge Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	90.00	ACUITE A- | Stable | Assigned
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A2+ | Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	256.00	ACUITE A- | Stable | Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2032	Simple	109.17	ACUITE A- | Stable | Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	25 Feb 2029	Simple	74.06	ACUITE A- | Stable | Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2032	Simple	76.49	ACUITE A- | Stable | Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.No.	Company Name
1	Shri Dutt India Private Limited
2	Shri Dutt DMCC

Contacts

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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.