



Press Release
SAI HANUMANT INDUSTRIES PRIVATE LIMITED
October 18, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	167.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	5.00	-	ACUITE A3 Assigned
Total Outstanding Quantum (Rs. Cr)	172.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating to 'ACUITE BBB-' (read as ACUITE triple B minus) on the Rs. 167.00 Cr. bank facilities and short-term rating of 'ACUITE A3' (read as ACUITE A three) on the Rs. 5.00 Cr. bank facilities of Sai Hanumant Industries Private Limited. The outlook is 'Stable'.

Rationale for rating

The rating takes into cognizance long track record of operations, average financial risk position, efficient working capital cycle and adequate liquidity position; however, these strengths are partly offset by competitive and fragmented nature of industry.

About the Company

Chhattisgarh – Based, Sai Hanumant Industries Private Limited was incorporated in 2021, constitution changed from a partnership concern. The company has rice milling capacity of 38 Tons per annum (paddy to rice) and 30 Tons per annum (for rice to rice).

The Directors of the company are Mr. Sunil Dhamejani, Mr. Sandeep Kumar Dhamejani and Mr. Kashish Dhamejani.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Sai Hanumant Industries Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Long track record of operations

The company is backed by promoters Mr Sunil Dhamejani, Mr Sandeep Dhamejani and others who have prior experience in the rice milling industry for about a decade. The company is largely into deemed exports business of rice and also provides custom milling to Government nodal agencies. The company plans to enhance their capacities over the medium term by way of acquisition and increasing the existing capacities. Acuite believes that the business will continue to benefit from promoters experience coupled with healthy relations with the customers and suppliers over the medium term.

Average financial risk profile

The financial risk profile of the company is above average marked by comfortable net worth, moderate gearing and comfortable debt protection metrics. The adjusted tangible net worth stood at Rs.66.22 Cr. as on March 31, 2024(Prov.) as compared to Rs. 29.17 Cr. as on March 31,2023 due to accretion of reserves. Adjusted Gearing

stood at 1.97 times as on March 31, 2024(Prov.) compared to 4.02 times in FY2023. The unsecured loans of Rs. 31 Cr. is being treated as quasi equity, as the same is subordinated to bank loans. The debt comprises of long-term debt of Rs. 3.18 Cr, unsecured loans of Rs. 3.08 Cr. and short-term debt of Rs. 121.46 Cr. as on March 31, 2024(Prov.). The interest coverage ratio stood at 1.62 times as on March 31, 2024(Prov.) compared to 1.79 times as on March 31, 2023. The debt service coverage ratio stood stable at 1.38 times as on March 31, 2024(Prov.) as compared to 1.61 times as on March 31, 2023. The TOL/TNW stood at 2.20 times as on March 31, 2024(Prov.) compared to 5.47 times as on March 31, 2023. Acuite believes that the company's financial risk profile will remain above average in medium term backed by steady cash accruals.

Efficient working capital management

The operations of the company have an efficient working capital requirement as reflected from Gross Current Assets of 79 days as on March 31, 2024(Prov.) compared to 63 days as on March 31, 2023. The inventory days stood at 47 days as on March 31, 2024(Prov.) as compared to 35 days as on March 31, 2023. The debtor days stood at 23 days as on March 31, 2024(Prov.) compared to 27 days as on March 31, 2023. The creditor days stood at 5 days as on March 31, 2024(Prov.) compared to 15 days as on March 31, 2023. Acuite believes that working capital requirements are expected to remain efficient due to the collection mechanism policy of the company over the medium term.

Weaknesses

Declining Revenues and thin profitability:

The revenues of the company have decreased to Rs. 919.21 Cr. as on March 31, 2024(Prov.) as compared to Rs. 1027.96 Cr. as on March 31, 2023 because a ban was imposed on exports of non-Basmati rice and reduced demand led to lower capacity utilisation. The operating profitability has increased to 1.92 percent as on March 31, 2024(Prov.) as compared to 1.47 percent as on March 31, 2023. The PAT margins stood at 0.66 percent as on March 31, 2024(Prov.) as compared to 0.39 percent as on March 31, 2023.

Competitive & fragmented nature of industry

The nature of the product makes the rice processing industry highly fragmented, with numerous players operating in the unorganized sector with very less product differentiation. Furthermore, the concentration of rice millers around the paddy growing regions makes the business intensely competitive.

Rating Sensitivities

- Movement in the scale of operations and profitability
- Working capital cycle
- Debt funded capex plans

Liquidity Position

Adequate

The liquidity is adequate marked by steady net cash accruals of Rs. 7.37 Cr. as on March 31, 2024(Prov.) as against long term debt repayment of Rs. 2.10 Cr. over the same period. The cash and bank balances stood at Rs. 0.05 Cr. as on March 31, 2024(Prov.) as compared to Rs. 0.02 Cr. as on March 31, 2023. The current ratio stood at 1.43 times as on March 31, 2024(Prov.) as compared to 1.24 times as on March 31, 2023. The promoters have brought in unsecured loans in the business in the past as and when needed to support the growth of the business. Moreover, the fund-based limit was utilized at 97 per cent for the six-months ended September 2024. The company avails of adhoc limit from time to time depending on seasonality and procurement plans. Acuite believes that going forward the liquidity position of the company will remain adequate in the near to medium term in the absence of debt funded capex and steady accruals, albeit a moderate current ratio and high dependence on bank lines to fund inventory requirement.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	919.21	1027.96
PAT	Rs. Cr.	6.05	4.01
PAT Margin	(%)	0.66	0.39
Total Debt/Tangible Net Worth	Times	1.97	4.02
PBDIT/Interest	Times	1.62	1.79

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

None

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. 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:Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bandhan Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3 Assigned
The Federal Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE BBB- Stable Assigned
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	67.00	Simple	ACUITE BBB- Stable Assigned
Bandhan Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

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