



## Press Release

### Shri Dutt India Private Limited [SDIPL]

July 01, 2020

#### Rating

Sl. No	Instrument/ Facility	Amount (INR Crore)	Ratings	Rating Action
1	Long Term-Fund Based- Term Loan	20.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned
2	Long Term-Fund Based- EPC/PCFC	140.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned
3	Long Term-Fund Based- Cash Credit	121.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned
4	Long Term-Fund Based- Ware House Loan	150.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned
5	Short Term-Non Fund Based- Bank Guarantee	10.00	IVR A3 (IVR A Three)	Assigned
6	Short Term-Non Fund Based- Derivative/FC	5.77	IVR A3 (IVR A Three)	Assigned
	<b>Total</b>	<b>446.77</b>		

#### Details of facilities are in Annexure 1

#### Rating Rationale

The rating derives strength from established market position and diversified product profile, experienced Promoters, increase in scale of operation and EBITDA Margin, improved capital structure and debt protection metrics and Government's measure to support sugar prices and sugar mills' liquidity. The rating however is constrained by exposure of the company's trading business to market risks, especially price fluctuations and vulnerability to government/regulatory policies



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### **Key Rating Sensitivities:**

➤ **Upward Rating Factor:**

Sustained improvement in the revenue and debt protection parameters while maintaining the profitability.

➤ **Downward Rating Factor:**

Significant decline in revenue & profitability due to any company or industry related factors leading to deterioration in debt protection metrics.

### **Detailed Description of Key Rating Drivers**

#### **Key Rating Strengths**

##### ***Established market position and diversified product profile***

Shri Dutt India Private limited is primarily engaged in trading of sugar in both domestic and international market. In last 2-3 years SDIPL has ventured into manufacturing activities of Sugar, Milk and Distillery Plant either through acquisition or taking the unit on lease. Though, the company was incorporated in 2012 but in the short span it has become an active member of “The Refined Sugar Association” & “The Sugar Association of London” both of which regulates the sugar trade in International Market and thus created a niche for itself.

##### ***Experienced Promoters***

SDIPL's promoters are in sugar trading business for more than three decades. Mr. Premji Ruparel who is a founder director of SDIPL has vast experience and wide knowledge in the field of sugar industry and this has helped SDIPL to grow into a large establishment over a period of time. Under his Directorship SDIPL has established as one of the key suppliers of free market sugar in the local market. Further second generation of family Ms. Priti Ruparel (Daughter, Mr. Premji Ruparel) has around three decades' experience. She has been on the board of SDIPL since Incorporation. Her vast experience of business and capabilities of Business Management has significantly contributed to the company's growth. Another director Mr. Jitender Dharu has more than 17 years of working experience and has been awarded as youth icon of sugar industry, by Bhartiya Sugar Symposium and Award Night 2019.” Presently he is heading the marketing and procurement of material for SDIPL



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### ***Increase in scale of operation and EBITDA Margin***

There is a Y-O-Y increase of 105.59% in operating revenue of SDIPL in FY20 (Provisional). The revenue has increased to INR 2097.73 Crore in FY20 as compared to INR 1020.35 in FY19. Sugar trading constitutes major share in the total revenue of company in all the past 3 year. Moreover, share of sugar trading has also increased significantly in FY20 due to surge in exports. Share of trading is around 71.87% in total revenue in FY20 as compared to 67.76% in FY19. There is an increase in both PAT Margin and EBITDA Margin in FY20 as compared to last years. EBITDA & PAT margin is higher as margins on exports of Ethanol and sugar are higher which has helped to improve EBITDA margin in FY20. PAT Margin has improved in FY20 as company has acquired a loss making entity for which they have received tax benefit

### ***Improved capital structure and debt protection metrics***

SDIPL's capital structure has improved in FY20. The overall gearing ratio stood at 2.46x in FY20 (FY19: 3.21x) Interest Coverage Ratio improved to 3.19x in FY20 (FY19: 1.30x). The promoter has been able to pump in equity and/or unsecured loans as on when required reflects resourcefulness of the promoters. Liquidity is supported by regular infusion of unsecured loan from promoters for all of the last three years i.e. 2017 to 2019 and gradually unsecured loans are converted into equity in a planned manner.

### ***Government's measure to support sugar prices and sugar mills' liquidity***

The Government of India (GoI) has approved soft loans (interest subvention at 7%) worth of INR 10,540 crore to be used for making cane payments and interest subvention loans of INR 12,900 crore for ethanol capacity augmentation. While the former announcement is likely to support the liquidity of mills in the near term, the latter is likely to address the current supply-demand imbalance in the industry over the medium term and help meet the 10% blending target under the Ethanol Blending Programme (EBP). The Government has also increased the MSP of sugar to INR 31/kg from INR 29/kg which is expected to support the profitability of the sugar business during FY-20.



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### ***Key Rating Weaknesses***

#### ***Exposure of the company's trading business to market risks, especially price fluctuations***

The company is engaged in trading of raw sugar, white sugar and certain distillery products and remains exposed to price fluctuations inherent to the business.

#### ***Vulnerability to government/regulatory policies***

The sugar industry is highly regulated, with various Government Acts governing virtually all aspects of the business, which include the availability and pricing of sugarcane, sugar trade and by product pricing.

### **Analytical Approach & Applicable Criteria:**

- Standalone
- Rating Methodology for trading companies
- Financial Ratios & Interpretation (Non-Financial Sector)

### **Liquidity: Adequate**

Liquidity is adequate, characterised by sufficient gross cash accruals against repayment. Liquidity is supported by the current ratio of 1.25x and funds extended by the promoters. Working capital utilization for sugar trading for the last 12 months ended April 30, 2020, stood at about 89.73% and Working capital utilization for dairy unit for the last 12 months ended April 30, 2020, stood at about 69.84%

### **About the company**

Shri Dutt India Private Limited was incorporated in 2012 by Mr Premji Ruparel who is the founder of Shri Dutt Group. Over the years Shri Dutt India Private Limited has grown into a large establishment, thus carving a niche for them in this widespread industry. Shri Dutt India Private Limited is presently into the business of sugar trading, sugar manufacturing and dairy business



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### Financials (Standalone)

INR in Crore

For the year ended / As on*	31-Mar-19 (A)	31-Mar-20 (P)
Total Operating Income	1020.35	2097.73
EBITDA	33.37	95.56
PAT	5.53	59.43
Total Debt	369.31	464.02
Tangible Net Worth	76.13	313.71
EBIDTA Margin (%)	3.27	4.56
PAT Margin (%)	0.46	2.83
Overall Gearing ratio (x)	3.21	2.46

\* Classification as per Infomerics' standards

A-Audited and P-Provisional

Details of Non Co-operation with any other CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Name of Instrument / Facility	Current Rating (Year: 2020-21)			Rating History for the past 3 years		
	Type	Amount outstanding (INR Crore)	Rating	Rating assigned in 2019-20	Rating assigned in 2018-19	Rating assigned in 2017-18
Term Loan	Long Term	20.00	IVR BBB-/ Stable Outlook	--	--	--
EPC/PCFC	Long Term	140.00	IVR BBB-/ Stable Outlook	--	--	--
Cash Credit	Long Term	121.00	IVR BBB-/ Stable Outlook	--	--	--



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Ware House Loan	Long Term	150.00	IVR BBB-/ Stable Outlook	--	--	--
Bank Guarantee	Short Term	10.00	IVR A3	--	--	--
Derivative/ FC	Short Term	5.77	IVR A3	--	--	--
	<b>Total</b>	<b>446.77</b>				

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Sr. No.	Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
1	Long Term Facility-Term Loan	--	--	June-2028	20.00	IVR BBB-/ Stable Outlook
2	Long Term Facility-EPC/PCFC	--	--	--	140.000	IVR BBB-/ Stable Outlook
3	Long Term Facility- -Cash Credit	--	--	--	121.00	IVR BBB-/ Stable Outlook
4	Long Term Facility-Ware House Loan	--	--	--	150.00	IVR BBB-/ Stable Outlook
5	Short Term Facility-Bank Guarantee	--	--	--	10.00	IVR A3
6	Short Term Facility-Derivative/FC	--	--	--	5.77	IVR A3
<b>Total</b>					<b>446.77</b>	